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# **Southeast Asia Report**

No. 1376



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29 November 1983

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PARLIAMENT MEMBERS DISCUSS PLANTATION SYSTEM

Jakarta KOMPAS in Indonesian 1 Oct 83 pp 1, 12

[Article: "DPR Members Respond to Indonesia's Plantation System Problem"]

[Text] Oka Mahendra, SH [Doctor of Jurisprudence], chairman of the Functional Development Group (F-KP) faction, feels that a suitable philosophy must be developed to regulate the plantation system. This system must ensure that the maximum possible use of land is made by estates to produce commodities that provide for the people's welfare and generate foreign exchange.

Meanwhile, Achmad Subagyo, member of the DPR's [Parliament] Indonesian Democratic Party faction (F-PDI), judged that Indonesian plantations were far more underdeveloped than those of other countries. Other countries are more professional in the management of their plantations and employ advanced technology while Indonesia is still busy debating the question of what kind of plantations the government and people would like to have established.

The two DPR members responded on separate occasions on Friday [30 September] to the views expressed by Prof Dr A.P. Parlindungan, SH, Dr Mubyarto, and Dr Leokman Soetrisno on the future of Indonesian plantations.

During a national seminar on the future of Indonesian plantations conducted by the Indonesian Agricultural Economics Association (PERHEPI) on Thursday [29 September], A. P. Parlindungan judged the Export Crop Development and Rehabilitation Project (PRPTE), which has the rehabilitation of small plantation holders as its goal, to be a total failure.

PRPTE has no firm legislative foundation. At the minimum no philosophical basis was developed for the project so that ultimately it became rife with speculation and manipulation.

Meanwhile at that scientific meeting, Dr Mubyarto, a professor at Gajah Mada University, believed the huge plantations had to be abolished if the agricultural sector is to generate foreign exchange from nonoil commodities, and small plantations holders must be developed.

Dr Loekman Soetrisno, sociologist on the Gajah Mada University staff, reminded his listeners that politically the plantations could arouse concern because the society that created the agricultural system was an authoritarian society, and there are many socio-economic inequalities among the lives of workers, plantation staffs and plantation owners.

#### Harmonious Relations

To eliminate this concern, Oka Mahendra, who is also the F-KP deputy secretary for the socio-political sector, believes that any future plantation system must ensure that work-management relations are harmonious. This means that no pressure should be applied to workers in such relations.

Wages must truly cover minimal requirements for living so there will be some incentive to work. "If agreement is reached on this system, no gap will exist between labor and management," Mahendra clarified.

Based on this philosophy, agreement must be reached on legislation that was omitted in this case, and new regulations supporting this system must be prepared. Legislation which regulates estates labor-management relations must be replaced because it gives no guarantees to the workers. It is too easy for management to violate current regulations.

In addition, a law that guarantees land rights to plantations must be formulated immediately. "Let us not procrastinate until incidents occur like those that arose on plantations in North Sumatra and in a number of places in Java," Mahendra reminded.

As long as these regulations are not made into law, disputes will readily occur between farm laborers and plantation entrepreneurs or people will again occupy plantation land.

#### Settled in 1960

Oka Mahendra said if the law had been executed strictly and consistently, the problem of occupied plantation land would have been settled in 1960, but because the provisions of the law were not executed consistently, these problems still arise.

According to the provisions of the law, occupation of plantation land after 1958 had to be considered illegal, and, therefore, strict measures should have been taken. Apparently, however, this was not easy to carry out. In practice, one unresolved problem created a new problem.

Toward this end, careful research and accurate planning must be undertaken for the plantation problem, and the programs must be carried out consistently. "Mature planning and consistent implementation will ensure that the plantation concept is successfully carried out!" Mahendra remarked.



He used Malaysia as an example. Malaysian plantations are successful because of mature planning and consistent implementation. "Here in Indonesia countless seminars have been held on this subject, but there never is any follow-up!"

#### Not a Failure

Achmad Subagyo does not agree with A.P. Parlindungan's judgment that PRPTE is a total failure. "The government has not yet exerted its maximum efforts," he remarked.

The PRPTE problem actually is rooted in the government's past unrealistic policy for the economic sector. The government depended too much on oil exports and foreign loans. Moreover, foreign loans were considered as income to support development. "One can see this in our APBN [Estimate of Income and Expenditures]," Achmad Subagyo remarked.

As a result when the government found it necessary to develop nonoil commodities, various complex problems were created. They were created because up to the present time no guidance had been provided to manage the nonoil sector.

At a time when other nations are using advanced technology in a professional way, Indonesia is still attempting to solve the problem of a suitable type of plantation.

If we want to develop our nonoil exports, Achmad Soebagyo said, we must be able to compete in the marketplace. This means that we must compete with regard to both the quality and the continuity of supply of commodities that are exported. He cited the example of Indonesia's failure in exporting dried cassava to West Germany for cattle feed. "If I am not wrong, this product was exported only twice and then exports were stopped because we could not maintain the quantity or quality of this export commodity," he added.

Subagyo believes that for Indonesian plantations to be successful, the government must manage them as they are being managed in Latin American countries where advanced technology is being used. It is important that this be done in view of chapter 33, paragraph 3, of the 1945 law which states that the earth, water, and natural resources contained therein belong to the nation and are to be used to the maximum benefit possible for the people's welfare.

It is, therefore, necessary that plantations be so organized that they are managed professionally and, like fathers who look after their children, see to the improvement of small plantation holders. In addition, it is also important that thought be given to plantation products that can be exported on a large scale without saturating the market. For instance, bananas could be grown and exported only to the extent that this product does not flood the market.



If Indonesia manages its plantations well and provides guidance, Soebagyo judged their products would be successful considering that Japan is the biggest consumer of fruit. "Half of their requirements now are met by Taiwan. If Indonesia can maintain the quality of its plantation products and continuity of supply, Japan's fruit requirements can be met by Indonesia."

#### PRPTE No Failure, but Workers are Coolies Forever

B.M. Silitonga, Drs, a F-KP member representing the North Sumatra electoral district, strongly supported the PRPTE. Although this project is not 100 percent successful, there are PRPTE's that are successful and are developing well, particularly in his electoral district.

The former deputy chairman of the North Sumatra regional legislature disclosed that in his area there are eight state-owned plantation companies (producing tea, rubber, palm oil and cocoa beans), two foreign-owned plantations (producing rubber and palm oil), a joint-venture plantation (producing rubber and palm oil), a regional administration-owned plantation (producing rubber), dozens of private plantations, and thousands of small plantation holders.

Silitonga said Loekman Soetrismo had the right approach. The life of plantation workers is no different than it was during the Dutch colonial period. Their wages are low; life is passing them by. At most, they are only able to send their children to elementary school because no SPP [parental contribution for education] is available. "One could say that plantation managers still act like masters!" Silitonga said.

The only difference now is that the workers are liberated, and some are given housing in addition to other small welfare allotments.

According to Silitonga, the primary element in the failure of PRPTE's is that no sociologists have participated in plantation projects. The plans are good but the local people do not know what the plans are, so ultimately a good government program fails.

6804

CSO: 4213/39

PLANTATION ACREAGE, PRODUCTION INCREASING

Surabaya SURABAYA POST in Indonesian 1 Oct 83 p 8

[Article: "Plantation Acreage Grows by 3.75 Percent Annually"]

[Text] According to Plantation Directorate General data presented during the "Seminar on the Future of Indonesian Plantations" held in Jakarta on Friday [30 September], the acreage of Indonesian plantations grows at an average rate of 3.75 percent each year; namely, it has grown from 6,381,318 hectares in 1974 to 8,742,907 hectares in 1982.

Plantation production has increased by 7 percent per year, paralleling the growth in acreage. In 1974 it was recorded at only 4,204,594 tons, rose to 5,773,452 tons in 1979, and rose again to 6,189,241 tons in 1982.

Increased production is not due to increased productivity per hectare but is due to added acreage. The highest rate of productivity is achieved by the state-owned PNP-PTP [State Plantation Company-State Plantation Company, Ltd.]

Their high productivity is due to excellent management technology and abundant capital compared with those of large private plantations and small plantation holders. Small plantation holders predominate only because of the extensive acreage involved.

Foreign exchange produced by plantations also showed an increase, growing from \$938,180 million in 1974 to \$2,523,809 million in 1980, or an annual increase of 20.09 percent.

The volume of plantation products for 1974 was recorded at 1,861,870 tons. It rose to 2,182,947 tons in 1979 and rose again in 1980 to 2,671,669 tons.

Impediments

Serious impediments to the successful development of plantations are the lack of an operating system and procedures, lack of personnel, and inability to obtain the desired quantity and quality of the commodities produced.

Further the unbalanced supply and distribution of the means of production such as seeds and agrochemicals result in an inability to achieve the established targets because the demand for these essential requirements is erratic and sudden.

Also, resistance is still encountered from farmers who are expected to participate in projects because they have little confidence that credit will be available, that development facilities will be prepared, and that there will be a market for their products. In addition problems are encountered in attempting to adapt new technology to the traditional methods of operation.

The seminar on the future of Indonesian plantations conducted by the Indonesian Agricultural Economics Association (PERHEPI) was held from 29 September to 1 October.

6894

CFO: 4213/39

## ZEEI BILL APPROVAL, LAW OF THE SEA ASPECTS DISCUSSED

Jakarta MERDEKA in Indonesian 1 Oct 83 pp 1, 11

[Article: "Four DPR Factions Approve ZEEI Bill for Ratification into Law"]

[Text] On Friday morning [30 September], the draft bill (RUU) on the Indonesian Exclusive Economic Zone (ZEEI), which consists of nine chapters and 21 paragraphs, was approved for ratification into law by four DPR [Parliament] factions.

Spokesmen for the four factions submitted their final opinions on the bill in an open plenary session chaired by M. Kharis Suhud, deputy speaker of the DPR/MRP [People's Consultative Congress], in the DPR building in Senayan, Jakarta.

The government was represented by Justice Minister Ali Said at the session.

On that occasion Minister Said expressed his appreciation for the great role the factions played in finally approving the ZEEI bill.

In his welcoming address Ali Said reminded his audience that economic development must be absolutely independent of any reliance on the development of seafaring activities. Therefore, no matter how much the profitability of the ZEEI rests on our natural resource potential, and because both national and international interests are involved in the profitability of the zone, legal facilities are absolutely essential for regulating these interests.

### Facilities Must Be Increased

In his closing statement Sarlan Adisucipto, spokesman for the KP [Development Functional Group] faction, among other things, explained that the KP faction believes the ZEEI law is effective, and his faction would like regulations for its implementation to be passed immediately. For consistent and successful implementation of this law, the KP faction feels it necessary to improve the quality and increase the amount of supervision in the ZEEI region.

evertheless, research activities and taking advantage of what the sea offers could be encouraged to maintain our national interests. The KP faction feels it would be best to use the services of domestic industries to provide necessary facilities and to handle ocean fishing. They could assist in raising skills and improving the technology needed by various sectors of activity.

Kiai Haji Mashud, spokesman for the PP [United Development Party] faction briefly noted that his faction would like fisheries and traditional fishermen to be given serious attention, particularly with regard to maintaining the law of the sea.

The PP faction also feels that thought must be given to upgrading judges who will be charged with upholding the ZEEI law.

#### Blueprint

The PDI [Indonesian Democratic Party] faction, in its closing statement which was read by Sumtomo H.R., requested the government to organize a "blueprint" of the various aspects of seagoing activities and to prepare morally sound cadres. This means we shall not permit the results of this glorious struggle to pass without further basic and conceptual measures being taken within the context of supporting the Archipelago Doctrine.

The ZEEI bill, according to the PDI faction, strictly follows the principle of unconditional responsibility. This means that another country is obligated to compensate the Republic of Indonesia for losses to Indonesia resulting from any incident that may occur on the seas.

Further, the PDI faction appeals to the government to increase protection for fishermen who still live "precariously." Although they endanger their lives to catch fish, their incomes are unsatisfactory. "Fishery products within reach of our fishermen generally are wiped out by ocean-going thieves who use modern equipment," Sutomo said.

Therefore, the PDI faction recommended that the government grant loans to fishermen to increase their productivity. These loans could readily be used to purchase modern equipment so that the fishermen could regain their dignity.

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## BRIEFS

GENERAL INSPECTS NAVY SCHOOL--Gen TNI [Indonesian National Army] L.B. Murdani, armed forces commander, paid a working visit to the Navy Training Command (KODIKAL) on Friday [23 September] and inspected training and other facilities including the latest equipment used for instruction at this institution. The armed forces commander was escorted by several HANKAM-ABRI [Department of Defense and Security-Indonesian Armed Forces] senior officers and Vice Admiral TNI M. Romly, Navy chief of staff, and was welcomed to KODIKAL by Maj Gen TNI (Marines) Suharmo Hariantho, KODIKAL commanding general (DANGEN) and other senior KODIKAL officers. In the staff meeting room at the KODIKAL Headquarters, the DANGEN presented a report to Gen Murdani on current developments in KODIKAL where changes are being made within the context of modernizing Navy weaponry. Further, the PANGAB [Commander of the Armed Forces] and his party toured the facilities of training centers in the KODIKAL domain such as classrooms, including those of the Electronics and Guided Missile System Training Center. This center was built within the framework of KODIKAL modernization and contains the latest training equipment now demanded by modern Navy weaponry. In the new equipment building, the PANGAB witnessed the operation of the guided missile system from the tracking of a target to the firing of an Exocet missile. The entire operation was computerized. [Excerpt] [Surabaya SURABAYA POST in Indonesian 24 Sep 83 p 2] 6804

WAGE DECISION NEEDS ENFORCEMENT--Agus Sudono, general chairman of the All-Indonesian Labor Federation (FBSI), said sanctions are needed to enforce compliance with the minimum wage decision since many companies up to now have neglected their obligation to comply with this decision. Sudono made this statement when he presented information on protecting the workers in the DPP-FBSI [Central Executive Committee-All Indonesia Labor Federation] office on Tanah Abang III Street, Central Jakarta, on Friday [30 September]. Sudono was accompanied by Ivan Stamboel, the executive director of PERUM ASTEK [Workers Social Insurance Corporation]. He cited Semarang as an example where the minimum wage was established at 625 rupiahs per day for 7 hours of work. This rate is no longer applicable because when the rate was established, the exchange rate ranged around 625 rupiahs to the U.S. dollar. The minimum wage was established in a Governor's Decision and was applicable to foreign capital investment (PMA) and domestic capital investment (PMDN) companies. "After devaluation,

the companies apparently neglected to adjust the wages," he said. Actually the Capital Investment Coordinating Board (BKPM) can adjust minimum wages for PMA and PMDN companies. This can be done when companies apply for their temporary (SPS) or permanent operating (SPT) licenses. If sanctions are instituted for companies that violate the regulations, the "law enforcement" authorities must see that they are carried out. This would lend weight to such sanctions. [Text] [Jakarta MERDEKA in Indonesian 1 Oct 83 p 1] 6804

CSO: 4213/39



WATER TRANSPORT REGULATIONS PUBLISHED; COURTS NOTED

Vientiane VIENTIANE MAI in Lao 9 Sep 83 p 2

[Regulation on Water Transport, No 2075/TSF]

[Text] Part 1: On the transport of passengers by boat:

1. Boat passengers may take along goods weighing up to 30 kilograms free of charge. If the weight exceeds 30 kilograms and they want to take the items along, they must pay an additional charge. However, the passenger must inform officials of this 24 hours prior to the time of departure.
2. Passengers with goods must have documents for the goods before they will be allowed to travel.
3. People who have goods that they are sending by boat must make a list of the goods stating the number of parcels, weight of each and the total weight. The address of the sender and recipient must be clearly written on each package. The packages must then be turned over to the Water Transport Corporation.
4. Passengers who check goods must carry the list mentioned in Paragraph 3 in order to get in touch with the management organization of the boat.
5. Passengers wishing to travel by boat must purchase a ticket from the corporation or association of the boat that they will travel on at least 24 hours in advance so that [officials] can prepare a passenger list in time and maintain order.
6. The passenger and cargo lists must be sent to the relevant offices for its retention. These are: the police, tax authorities and port.

Part 2: On the transport of cargo:

7. The owners of the cargo must make quarterly and monthly shipping plans and submit them to the Department of Goods and to the Technical Production Department, which will divide the work among the transport units.
8. All goods must be affixed with a detailed shipping form stating the name and address of the sender and name and address of the recipient. Also, each

box must have an etiquette that is made of a material that will not tear and that is filled out in ink that will not smear and that is clearly legible.

9. The owners of the goods are responsible for having all the necessary forms and for making enough copies to give to the shippers before the departure time.

10. Before the goods are loaded or unloaded, permission must be received from the unit responsible at the port.

11. All boat organizations must immediately report to the port unit responsible and inform them of the name of the boat, quantity of goods and the name of the owner of the boat.

12. In order to have good coordination between the boat organizations and the units responsible concerning unloading the goods, the boat organizations must inform the owners of the goods within 24 hours so that they can prepare the necessary documents and come pick up the goods at the time and place stipulated.

13. Twenty tons of cargo must be unloaded by hand and 40 tons must be unloaded by machine per day per boat depending on the type of cargo, except for mobile equipment and goods that must be offloaded quickly.

14. Concerning the movement of goods by hand, machine and truck, the port unit responsible must organize the work and coordinate things with the owners of the goods. In moving the goods, a contract must be made with the head of the transport unit in order to ensure that the goods are transported in accord with Paragraph 7.

15. In cases in which the owner of the goods does not carry out things in accord with the stipulations in Paragraph 6 and does not have a legitimate reason, the shipper will fine him according to the weight of the goods at the rate of 14.4 kip per ton per day. Computed by the hour, this amounts to 1.8 kip per hour for an 8-hour day.

16. In cases in which the goods are not moved in accord with Paragraph 7, the port unit responsible must pay the sender.

17. In cases in which things are not done in accord with Paragraphs 6 and 7, the River Transport Corporation will store the goods in its storehouse. Expenses will be computed on the actual value based on the documents.

18. To get his goods from the storehouse, the owner must pay the River Transport Corporation.

19. In cases in which the loading/unloading is not accomplished in accordance with Paragraph 7, the stevedores will be paid as follows by the shipper:

For cargo boats carrying 50 to 100 tons of goods, they will be paid 250 kip per boat per day, but not to exceed two boats (or 500 kip). For cargo boats carrying 101 to 200 tons, they will receive 500 kip per boat per day, but not to exceed two boats (or 1,500 kip).

20. The owners of the goods must sign a transport contract with the transport corporation or association when the transport plan is submitted to the Cargo Transport Department of the Ministry of Posts and Transportation. This contract must also be approved by the Technical Production Department.

Part 3: On port management:

21. The port and the storehouses in the Kilometer 4 area are under the control of the state during the time prior to the formation of a port corporation. Water Transport Corporation 1 will be responsible for managing things. As for the ports in the rural areas, the provincial post and transport office will be responsible.

22. The Water Transport Association must inform the port units concerned in advance concerning its plans for using the port so that days and times for entry, exit and docking of ships can be sent in order to ensure the safety of the boats and goods and to facilitate the entry and exit of ships.

23. Ships can sail only after they have received permission from the port unit responsible and the officials concerned.

Part 4: On ship accidents:

24. In the case that a ship has an accident for some reason, evidence must be provided by the local administrative authority, which is to be submitted as official evidence.

25. In the case that a ship has an accident while performing its duty and the accident happened because of the carelessness of the transporter or because of his failure to observe the regulations stipulated by the state, the transporter must compensate the owners of the goods. Those cases that cannot be settled [by the parties involved] will be decided by the court.

Part 5: This regulation goes into effect the day it is signed.

Vientiane, 20 August 1983

Minister of Posts and Transportation

Signed and stamped: Mr Phas Bounnaphon

11943

CSO: 4206/6

## COLUMN HITS U.S. POLITICAL SYSTEM, SAYS DISSIDENTS PERSECUTED

Vientiane VIENTIANE MAI in Lao 15 Sep 83 pp 2, 4

[Talking Together" column: "Capitalist Democracy, Propaganda and the Truth"]

[Excerpt] In order to point out the characteristics of democracy in a capitalist system, they talk about having many political parties, about having opposition parties in parliament and about the other elements in a "multi-party system" in order to ensure the right of the political forces to free access in the capitalist countries. But this article shows that, in general, the multi-party system and "independence" have never gone beyond the limits stipulated by the elite in the leading circles.

For example, in the United States, the election system is controlled by the "two-party oppressor system," which prevents other parties from participating in the election. The laws of the various states determine who can run as a candidate in the name of the Democrat and Republican parties, and this serves the interests of the monopoly capitalists in a legal way. At the same time, the parties that serve the interests of the laborers and the "independent" candidates are hampered by various limitations. For example, they are required to put up a cash guarantee. And they face other obstacles such as having to gather sufficient signatures to be able to run as a candidate. The laws of many states require that the signatures be witnessed and that they be verified by a lawyer. These laws also stipulate complex methods in filing protests and complaints. And there are other important limitations.

According to the laws of West Germany, only those parties that receive at least 5 percent of the vote can have MP's in parliament. But in England, it isn't necessary to gain a majority vote; the only requirement is to win more votes than the opposition candidate. This is based on the theory of winning the support of the voter. But most of the people think that a vote for a third party is just a "wasted" vote. Thus, people usually support those parties that they feel will "disappoint" them less than others. These limitations are also found in other capitalist countries, too.

They have long talked about the campaign finance system. Concerning this, the monopolies in the capitalist countries donate large sums of money. In 1980, the sale of the U.S. presidency and seats in the U.S. Congress cost the organizers of the election. Experts have said that during the 1984 election in the

United States, an even greater sum will be spent. Expenses will increase. As for other capitalist countries, in France, elections to parliament cost as much as 25 million francs or more. In West Germany, they cost 280 million marks. In the Free World, the "people who pay the piper" are observed closely. Thus, in the U.S. House of Representatives, there are no laborers. Just the opposite is the case. That is, in the House there are 140 businessmen and bankers, with the elite lawyers totaling more than 240 people. In the Senate and the House, the number of blacks has never exceeded 1 percent and 5 percent, respectively. However, the blacks in the United States make up 12 percent of the total population. Administrative power in the United States is controlled for the most part by the financial elite. Thus, the government is known as a "rich-man's government."

When campaigning, the candidates from the various capitalist parties make many promises to the people. But they later forget their promises; they are not honest with the voters. This has led to voter apathy. That is, people decide not to vote in the elections. This has been a special characteristic of the United States in recent years. During the general elections for the House of Representatives, only about 60 percent of the American people vote. In the 1980 presidential election, only about 50 percent of the people eligible to vote actually voted. Only 25 percent of the people eligible to vote voted for President Reagan.

Concerning the phenomena spreading in the capitalist countries, representatives of big business, especially the military-industrial groups, put pressure on representatives to do things that serve their interests. In the United States, the number of people officially registered [as belonging to interest groups] is 6,500. The [cost of] persuading 534 legislators comes to about \$65,000 a year each. As for these important businessmen, monopoly capital tries to control them by relying on the legislative duties of congress. What should we call this type of democracy?

Concerning the efforts to advance capitalism as "defenders" and "guarantors" of human rights--it just won't wash.

In the 20th century alone, the great-power imperialists have waged wars in or have intervened in 62 areas in the world. These wars have resulted in the deaths of 70 million people and the injury of 125 million people. This has been done to "defend" the human rights of the people in the capitalist countries.

In the capitalist countries, unemployment, hunger and violence are getting worse every year. At present, more than 30 million people are unemployed and more than 60 million are living below the poverty level. None of the capitalist countries, which includes those that have never suffered any destruction in war, can claim that all the people have adequate food and shelter. People without adequate food and shelter number from 30 to 50 percent. And the number of such people is increasing continually. In England, there are 800,000 vacant rooms. In the European countries there are 6.5 million rooms that do not have any furnishings. In West Germany, 1.5 [million] people live in huts and other undesirable places.

We will now discuss what their education is like. In the United States, 2.4 million children are not in school. And 22 percent of the American people over the age of 17 are illiterate. In Italy, 10 percent of the school-age children do not attend school. In France, only 3.4 percent of the children of laborers graduate from a lycee.

People's political rights are violently trampled on, too. The prosecution of dissidents, FBI officials infiltrated various organizations such as the anti-war groups, youth organizations, women's organizations and black organizations. These unofficial investigations of private citizens, which includes making telephone taps on and reading the private correspondence of "suspects," is a common occurrence in the United States.

11943

CSO: 4206/6



## MALAY-THAI BORDER PROBLEMS EXAMINED

Penang THE STAR in English 30 Oct 83 pp 6, 7

[Text]

SAID one exasperated senior Malaysian Army commander of the fight against the CPM insurgents: "It's like cutting the branches of a neighbour's tree. All we can do is keep on trimming the branches, but they keep on growing since we can't get at the roots."

"What can we do when the Thais are not prepared to really move in and eradicate the CPM? As long as the insurgents are able to establish safe sanctuaries across the border, we will never be able to eliminate them."

That, in a nutshell, sums up the feeling of Malaysian commanders towards the border insurgency problem.

It is a war that Malaysia has apparently little hope of winning unless the Thais move decisively and incisively against the three CPM factions — the CPM proper, the CPM-ML (Marxist-Leninist) and the CPM-RF (Revolutionary Front).

The military claims that it is doing all it can to contain the insurgents from moving southwards into Malaysia, and that it has quite effectively sealed the border against large-scale incursions.

"There are no indications so far that the CPM proper, which is the largest of the three factions and the one actively trying to infiltrate Malaysia has managed to establish permanent bases in the peninsula," said Major-General Datuk Hashim bin Mohamed Ali, the Gen-

eral Officer Commanding-in-chief, Peninsular Malaysia, and commander of II Division.

II Division is in the frontline of the fight against the CPM, being responsible for security in Penang, Perlis, Kedah and Perak up to the border with Kelantan.

Jen. Hashim added that the situation along the Malaysian border was very much under control. "This does not mean that no incursions are taking place. It's impossible to stop small groups from slipping through in such a counter-insurgency war," he said.

However, he was quick to point out that the situation was very unlike Thailand where established insurgent camps, some 12 to 15 years old, had been uncovered and captured by Thai security forces in the south in recent years.

"The size of these camps and their age show that there is extremely strong local support for the insurgents," he added.

"These Communist camps couldn't have grown so large without extensive support from the locals."

Jen. Hashim's briefing was the prelude to a brief, whirlwind tour of the border positions for a small group of journalists. The trip covered Padang Besar, Bukit Kayu Hitam and Bukit Berapi, along the East-West Highway to Banting before ending at Kota Bharu.

Although there was hardly time to assess in depth what the troops were actually doing, the general

impression was that a fairly tight watch was being maintained along the Malaysian frontier.

Geographically, the border may be divided into three regions. Kedah and Perlis on the east are basically flat, cultivated with rubber and padi and fairly densely populated.

The central region where the Perak border runs is jungled highlands with relatively few cultivated or open areas. The eastern region, Kelantan, is fairly similar to the west, being flat, covered with large areas of padi and rubber and settled by a predominantly Muslim population.

In terms of security, therefore, the central region is the most difficult to hold and keep watch on, particularly where the Betong salient thrusts into Malaysia. CPM infiltration along the Kedah-Perlis area is minimal for a number of reasons. Any flat, settled area is difficult for insurgents to infiltrate, particularly where the population is not sympathetic. In addition, the CPM-RF which operates in the Sadan area is a spent force, interested only in hit-and-run raids across the border, explained Lieutenant-Colonel Azumi bin Mohamed, Commanding Officer of 305 Battalion.

Another barrier to infiltration is Ops Pagar — the bid to physically seal the border initiated in 1977 — which has made surveillance much simpler for the security forces and defini-

tely cut down illegal border crossings and smuggling.

The Ops Pagar I fence snakes across flat terrain from the border town of Padang Besar 24 miles to Bukit Kayu Hitam, and thence for 3.5 more miles (out of a projected 9.5 miles to boundary stone 27) as part of Ops Pagar II. The first stretch from Padang Besar to Bukit Kayu Hitam is the responsibility of the border anti-smuggling unit.

But Ops Pagar II, from Bukit Kayu Hitam to boundary stone 27, is under the charge of the military because of the CPM-RF threat and the rather more difficult terrain. Patrols and static positions are employed to secure the line by the army. Regular checks are made to ensure that the fence is not breached and gaps are quickly noted and ambushes arranged before sealing any breaks.

There are statistics to support claims that the \$17.25 million fence has been pretty effective in cutting down smuggling. Last month, for instance, troops in the Bukit Kayu Hitam area managed to foil an attempt to smuggle 12 colour television sets across the border to Thailand.

In 1976, the year before Ops Pagar was launched, \$1.5 million in Customs duties was collected at Padang Besar and \$800,000 at Changlun. In 1979, the figures increased to \$6.5 million and \$3 million respectively. And last year, \$6.6 million was collected at the Padang Besar checkpoint



and \$4.6 million at Chang-loon.

But the main threat is in the central region, where the 12th Regiment of the CPM proper is particularly active in its attempts to infiltrate the Malaysia-Thai border from the Betong salient and the so-called "eastern corridor" east of the salient.

While the heavily jungled mountains might appear impenetrable to the untrained eye, in reality there are numerous trails used by orang asli and insurgents alike. In fact, the Malaysian jungle is laced with a network of aboriginal and animal trails which give infiltrators quite a degree of flexibility of approach.

The security of this crucial area — stretching 100 miles from Ulu Perak to the Kelantan border and which includes the important East-West Highway — is the responsibility of the 5,000-strong Task Force 083 commanded by Colonel Shukor Salleh.

Betong and Kroh happen to lie along historical and traditional infiltration routes, and dominating the area is crucial to denying the area to the CPM proper.

Apart from military patrols and ambushes, extensive plans to open up and settle the area are under way as part of the Kesban

or area security development programme.

There is the Lepang-Nen-ering Felda scheme, of which 1,200 acres have been cleared, and the Felda Bersia-Timor scheme. The idea of such extensive development is to clear vast tracts of land and to enable future settlers to become the eyes and ears of the authorities.

The vital East-West Highway is guarded by four Territorial Army battalions and their posts are strung just a kilometre or two apart to maintain close surveillance and defence. And these "Highlanders" will be manning their sand-bagged dug-outs as long as any danger of CPM infiltration or attack exists.

Each battalion is about 1,000 strong and supported by 81mm mortars and 105mm howitzers pre-registered on potentially vulnerable areas. Against the Communists, the "Highlanders" really provide the second line of defence — the clone-in defence of the highway with their outposts sited on high ground to dominate the road.

Beyond 1,000 metres north and south of the highway, frequent sweeps and patrols are carried out by regular infantry battalions.

Thus to slip across the highway, any insurgent would have to brave land-mines and run a gauntlet of ambushes, patrols and closely-linked outposts.

In addition, the Temenggor Dam, which has almost reached its planned maximum level, has flooded many of the CPM's traditional infiltration routes, thus creating a water barrier which has made things even more difficult for the Communists.

As a result, senior army officers say the Communists are now moving further east, using the more difficult and longer "eastern corridor" to cross the border near the Perak-Kelantan border.

However, while large-scale infiltration has been curbed, static outposts and close patrols can never completely seal the corridor. Again, development and settlement of the highway are the only viable answer.

As such, there are plans to open up certain areas along the highway, particularly around Banding where two bridges cross the Temenggor Dam, and turn it into a holiday resort complete with a satellite town. Studies, too, are being made to develop the land around for Felda schemes and into a fruit-growing area.

As for Kelantan, the CPM has so far failed to make real headway. Even its predominantly Muslim 10th Regiment failed dismally in its attempt to infiltrate the very largely Malay and staunchly Muslim State. Kelantan is hardly a security headache as far as CPM infiltration is concerned.

In short, Perlis-Kedah and the Kelantan border have been virtually sealed on the Malaysian side. It is only in Perak, especially in the Grik and Kroh areas, and along the East-West Highway, that any significant Communist infiltration could take place.

But with the current military and Kesban measures being undertaken, this corridor is no longer the easy gateway into Malaysia that it once was. But if only the Thais would play their part, too, the doors of this gate would be closed — perhaps forever.

And the savings for Thailand and Malaysia would be incalculable. The thousands of troops deployed on both sides and the tremendous cost of maintaining them in this war of patrols, ambushes, booby-traps and surveillance would then be a thing of the past. Peace along the border would save both Bangkok and Kuala Lumpur millions of dollars each year.

## EDITORIAL: MCA CHARTS NEW COURSE

Kuala Lumpur BUSINESS TIMES in English 18 Oct 83 p 24

[Editorial: "MCA--Charting a New Course"]

[Text] Datuk Neo Yee Pan takes over the leadership of the Malaysian Chinese Association at an important juncture. Particularly significant is the fact that the government's economic policies are undergoing a change. One of Datuk Neo's first tasks, therefore, is to galvanise the party in particular, and the Chinese community in general, to take advantage of the opportunities that may arise, for example, through the government's privatisation policy. The task may not be easy. First, the Chinese community has to be given a sense of participation, as Datuk Neo pointed out in his speech to the MCA general assembly on Sunday. Secondly, the large amount of capital needed to buy into enterprises owned by the public sector, public utilities for example, will require Chinese businessmen to learn the ropes of operating via corporate structures with widespread ownership, something with which they are not too familiar.

Although the MCA's investment arm, Multi-Purpose Holdings Bhd has had limited success in fulfilling its role as a catalyst for changing the structure of Chinese business, the company has ventured into a wide range of activities including property, banking and shipping. It has also made a good start in forming Sino-Malay joint ventures, a direction suggested by the Prime Minister. It recently reached an agreement with Permodalan Bersatu Bhd to develop Kepong Estate into a new township. MPHB has moreover been very quick off the mark in capitalising on the opportunities likely to arise from the government's privatisation policy. It has teamed up with PBB and Maika Holdings, representing the Malaysian Indian Congress to form a company which hopes to provide container services at Port Kelang in conjunction with Hong Kong interests. Hopefully, MPHB's initiatives will be followed by other Chinese entrepreneurs.

Education is another front of perennial interest to the MCA. As Datuk Neo noted in his speech, opportunities for studying abroad are dwindling, mainly because of the steep rise in tuition fees which has put the cost of an overseas education outside the reach of a growing number of parents. Yet the scope for entry into local institutions for all students is growing far more slowly than the increase in demand for places, although non-Bumiputeras are now assured of a gradually rising intake. Enlarging educational facilities within

this country may be one answer. Plans are afoot for a sixth university to be set up in Kedah. While this may help to ease the pressure, demand for university education may be outstripping the requirements of the Malaysian economy. As a country still in the process of industrialising, there is a greater need for more technical skills than general university degrees. If more vocational or technical institutions of a tertiary character came into being, this would be beneficial to the country as a whole and reduce the needlessly long queues at university doors.

Religious extremism is yet another issue worrying the Chinese community, although this is something parties like Umno and MIC are also grappling with. Datuk Neo has rightly voiced concern about religious extremism imported from abroad. But the point MCA members and the non-Bumiputera community in general, should note, is that his perceptions of the proper role of Islamic values and guidelines in a multi-racial society is one that is shared by Umno itself. In a speech to the same gathering, Datuk Seri Dr Mahathir said the Islamic governments seeking to impose Islamic laws on non-Muslims elsewhere are violating a basic tenet of their faith. The understanding that already exists between the different component parties of the Barisan Nasional is thus something Datuk Neo can build upon when his mandate is formally confirmed by party members, as it undoubtedly will be.

CSO: 4200/175

## HIGH PRIORITY CONTINUES ON NFP PROJECTS

Kuala Lumpur BUSINESS TIMES in English 22 Oct 83 pp 1, 4

[Article by Hardev Kaur]

[Text]

DESPITE the rescheduling of expenditures, the government will continue to accord high priority to projects related to achieving the twin aims of the New Economic Policy (NEP), namely poverty eradication and restructuring of society.

In 1984 a total of \$1.994 billion is being allocated for anti-poverty projects, and \$294 million for restructuring society, notwithstanding the financial stringency.

In an effort to assist those in the low income group, the construction of low cost housing will continue to get priority next year, with the target for new units set at 25,000. The private sector would be encouraged to participate in the programmes. A sum of \$346 million has been allocated for low-cost houses in 1984 compared with \$454 million in 1983.

In addition, the budget has provided exemption from sales tax for building materials which are used in the construction of low and medium-cost buildings. These include terrazzo and wire mesh. The sales tax, however, has been reimposed on 46 building items not generally used for low-cost housing.

With agriculture continuing to be the mainstay of the Malaysian economy, with the highest concentration of low-income households, this sector would continue to be accorded the highest priority. Many-sided efforts will continue for improving the socio-economic condition of farmers, fishermen and smallholders.

A sum of \$1.325 billion has been provided for development programmes and projects in the agriculture sector in 1984 compared with \$1.396 billion in the current year. Of the total allocated for agriculture development \$510 million is for land development compared with \$471 million in 1983.

Input subsidy for padi, pepper and sago would continue for which \$79 million has been provided in the budget. The bulk of this is for the supply of fertilisers to the padi farmers. Last year a total of \$90 million was allocated for subsidy on fertilisers.

The government has allocated a total of \$175 million for the price support programme for padi in 1984. This represents a marginal reduction com-

pared with \$180 million allocated in the 1983 budget.

Smallholders have not been neglected either. In a bid to provide better facilities to increase their incomes, a sum of \$13.5 million is being set aside for the replanting and rehabilitation of coconut smallholdings. As for the smallholders, steps are being taken to extend the smallholders replanting programme to Sabah and Sarawak.

An allocation of \$82 million has been made for the administrative costs of Riada in the 1984 budget. In addition to this, a total of \$40 million is provided for the various facilities and inputs required and a sum of \$35 million allocated to assist the smallholders during the replanting period.

The agriculture intensification and diversification programme would be considerably reduced and its implementation continued to selected Integrated Agricultural Development Projects (IADPs) where sustained development is more assured.

The 1984 budget allocates \$302 million for the 14 IADPs throughout the country.

## FINANCE MINISTER FAVORS PRUDENT BUDGET

Kuala Lumpur BUSINESS TIMES in English 22 Oct 83 p 22

[Article by A. Kadir Jasin]

[Text]

DESPITE the better than expected performance of the economy in 1983 and a substantially improved international outlook, Tengku Razaleigh Hamzah has decided in favour of prudence in drawing up the 1984 budget presented to Parliament yesterday.

Reflecting the government's increasing commitment to moderating the increase in public sector expenditure and strengthening the economic framework, the Finance Minister has avoided over-reacting to the emerging improvements in the economy as reflected by a higher than expected real GNP growth, lower inflation and slightly improved financial position.

Fiscal measures for 1984 are finely tuned and balanced resulting in an even spread of additional tax burden and incentives. Tax increases were few and mild, except on motor cars and a handful of luxury consumer

items or items which could be obtained locally.

With the economy already showing strong signs of recovery, the strategy of the 1984 budget is aimed at:

■ Improving and strengthening the balance of payments, and

■ Further consolidating and strengthening the government's financial position by aligning expenditures more closely to available resources.

In the 1983 budget, the third element of the strategy was the maintenance of a satisfactory growth rate within the context of price stability. But with the recession now coming to an end, pump priming is no longer necessary.

Having succeeded in reducing the expenditure deficit — measured as a proportion of the GNP — from 19 per cent in 1982 to 15.3 per cent in the current fiscal year, the Finance Minister said the government's plan was to

reduce this to 10.8 per cent in 1984 and six per cent in 1985.

In the current fiscal year, the Federal government's overall deficit is estimated to drop to \$9.8 billion compared with \$11.2 billion in 1982. This is due to the cut in development expenditure from the estimated \$12.7 billion to \$10.2 billion.

For the coming year, a total appropriation of \$27.65 billion is being sought, comprising \$19.01 billion or 69 per cent of operating expenditures and \$8.67 billion or 31 per cent of development expenditures.

At this level, the coming year's development expenditure is 34 per cent lower than the current year's allocation and 15 per cent lower than the amount actually spent. This does not take into account the "off budget" development expenditures undertaken by government agencies like LLN.

With the recovery be-

coming more pronounced, the anti-cyclical measures which featured prominently in this year's budget are being phased out.

Acknowledging that the cost of production of rubber and pepper has risen, the Finance Minister proposed to raise their threshold prices — the level at which export duty becomes payable — from 170 cents a kilo to 180 cents for rubber and from \$2,810.89 per tonne of black pepper to \$3,000 and from \$3,306.93 to \$3,500 for white pepper.

As part of the continuing rationalisation of the rubber export duty structure, the Finance Minister proposed that the duty be based on the gazetted value of only two grades of rubber, namely RSS Three and SMR 20. RSS Two will be dropped.

To encourage greater domestic processing of palm kernel oil, the export duty on crude palm

kernel oil would be raised from five to 10 per cent while the five per cent duty on refined palm kernel oil would be removed.

To enhance domestic consumption of tin, the government is proposing a \$700 per tonne rebate on tin consumed locally with the promise that similar measures will also be introduced for other primary commodities, particularly rubber.

The only major change in corporate taxation announced by Tengku Razaleigh was aimed at the shipping industry. Seen as an area which can contribute significantly to the government's drive to reduce invisibles, the industry is being offered further incentives.

Tax exemption on the whole income of a shipping enterprise, derived or deemed to be derived from the operations of Malaysian ships, would be offered to encourage the building up of a strong national fleet.

Exemption would also be given to dividends in the hands of shareholders distributed from the income of a shipping enterprise. These proposals would take effect from the 1984 assessment year.

From the same assessment year, seamen serv-

ing on coastal vessels would also be exempted from tax. Seamen serving on Malaysian registered vessels and engaged in international trade are already enjoying the benefit.

The Finance Minister has extended the benefit of the accelerated depreciation allowance to doctors and dentists to encourage them to invest in more equipment.

Restructuring efforts are also given an additional boost in the form of an attractive exemption from real property gain tax on gains arising from any sale of property by the restructured company.

To ensure that borrowers benefit when interest rates fall, a new system of rate determination would come into effect on Nov. 1, said the Finance Minister. The rate would be anchored to a bank's declared base lending rate (BLR), except for loans to the priority areas.

Supporting the long-term objectives of the budget, the Finance Minister also made substantial allocation for infrastructure development in the areas of transportation, energy and telecommunications.

## NEW BUDGET HIGHLIGHTS OUTLINED

Kuala Lumpur BUSINESS TIMES in English 22 Oct 83 p 1

[Text]

■ **INCENTIVES** for the shipping industry: full tax exemption on income of a shipping enterprise based on the operations of local ships; and tax exemption on shareholders' dividends from income of a shipping enterprise.

■ **EXEMPTION** from real property gains tax on sale of property of restructured company — acquisition date of property to be taken as the date property was originally acquired by transferor company.

■ **THRESHOLD** price of rubber increased to 180 cents per kg. levy of export duty.

■ **EXPORT** duty on rubber simplified further, based on the gazetted values of only two grades of rubber, RSS3 and SMR 20.

■ **EXPORT** duty on crude palm kernel oil raised to ten per cent while the five per cent export duty on processed palm kernel oil abolished.

■ **IMPORT** duty increased on 66 items in the range of 5-50 per cent. The items include

food, garments and other manufactures which have local substitutes.

■ **IMPORT** duty on CKD cars raised to 25 per cent; on CBU units by ten per cent for each category.

■ **IMPORT** duty rates on 45 items converted from specific to ad valorem.

■ **SURTAX** on additional 1,500 items integrated with import duty.

■ **ACCELERATED** depreciation allowance scrapped for heavy construction equipment, extended to medical, hospital and dental equipment.

■ **SALES** tax reimposed on 16 items of building materials not used for low cost housing.

■ **INDUSTRIAL** building allowance extended to cover approved buildings for industrial training and warehouses and bulk storage installations used for storing goods for exports.

■ **LOCAL** tin users entitled to a \$700 rebate per tonne of tin consumed locally.



EDUCATION IN DEFENSE DEVELOPMENT FUND PLANNED

Kuala Lumpur BUSINESS TIMES in English 24 Oct 83 p 1

[Article by Tan Siok Choo]

[Text] As an economically unproductive item, allocations for defence and internal security are the natural targets for Treasury officials seeking to trim government spending in a manner that preserves the momentum of growth but maintains at the same time the level of assistance to the hard-core poor.

Not surprisingly, Tengku Razaleigh Hamzah on Friday announced that development expenditure on defence and internal security will be slashed by more than one-third next year.

This reduction is, however, marginally less than that suffered by social services which are to be cut by 36.1 percent, the largest drop in the case of any sector. The amount set aside for development expenditure in economic services is expected to fall by 15.3 percent.

In proportionate terms, this means defence and internal security's share of total development expenditure will shrink from 17.5 percent this year to 13.8 percent next year.

To put the fall in perspective, this means that the \$1.19 billion to be spent next year is only a shade lower than the \$1.22 billion devoted to this purpose in 1980.

This will be the second successive year in which development outlays for defence and internal security have been cut back. The current year's budget provided 10.6 percent less money, reversing the previous trend of double-digit growth in spending.

A jump of 71.4 percent in 1980 was the biggest increase since 1975, a move stemming no doubt from the Vietnamese invasion of Kampuchea in 1979.

Defence allocations alone--excluding that for internal security--will fall by 30.4 percent next year. Although there is much concern about the possible threat to the country from external sources, the government clearly feels that the need for financial stability deserves greater priority.

Equally significant is the proposed reduction in spending for internal security, which is even sharper than that for defence. The budget cut amounts to 49 percent, indicating the government's perception that the domestic situation is well under control.

Operating expenditure on defence and internal security will, however, increase, presumably because of rising salary and other costs. In absolute terms, the spending will rise by 8.7 percent next year.

Although this contrasts with the 2.6 percent decline this year--the only year when spending shrank in absolute terms--the rise next year will be much smaller than the 18.6 percent growth in 1980 and 31.2 percent in 1981 but somewhat higher than the modest 7.8 percent increase in 1982.

CSO: 4200/175

## LONG RANGE EARNINGS OF LABUAN GAS FORECAST

Kuala Lumpur BUSINESS TIMES in English 28 Oct 83 p 24

[Article by Hardev Kaur]

[Text]

THE three gas-related projects in Labuan, scheduled to come on stream by the middle of next year, will earn the government \$6.1 billion in revenue over 16½ years, the life-span assumed for assessing their viability.

The three projects are a hot briquetted iron (HBI) plant producing an upgraded variety of sponge iron, a methanol plant and a power station — all located in the Ranca Ranca industrial estate in Labuan, Sabah.

The project's viability is under continuous scrutiny by the Sabah Development Bank, the project's financial advisor. Datuk Seri Dr Mahatir Mohamad was told yesterday that the bank's present assessment was that a profit of \$6.1 billion would be registered, with a non-leveraged internal rate of return of 19.7 per cent and a payback period of five operating years to recover the overall investment.

Briefing the Prime

Minister on the projects in Labuan yesterday, Dr K.G. Sikchi, deputy chairman of the Sabah Gas Industries (SGI) said the total cost of the three projects was \$2.3 billion, with 70 per cent of the financing coming from domestic and overseas borrowings and the remainder from the Sabah government.

The three projects which will use gas from Erb West and Samarang fields off Sabah will be utilising what is at present being flared. It is estimated that the flared gas represents a waste of \$250,000 a day.

The total net foreign exchange expected to be earned by the three gas utilisation projects is estimated at \$9.46 billion over the 16½ years.

The projects, coming on stream by mid 1984, is expected to earn a total of \$213 million in foreign exchange that year.

After taking into account debt servicing on

the loans, their net contribution to the balance of payments is estimated at \$125 million, increasing to \$298 million in 1985, the first full year of operation, and to \$340 million in 1986.

Dr Mahathir was also told that the HBI plant would use 20 million standard cubic feet of gas per day. It would have a production capacity of 728,640 tonnes per annum. The raw material for the plant would be obtained from Brazil, Sweden, Australia and India while the main markets would be Japan, Taiwan, South Korea and India.

Tan Sri Thong Yaw Hong, chairman of the Sabah Energy Corporation, said that the success of the three projects would bring about transfer of technology, development of new skills and additional foreign exchange earnings.

He added that it would also go "a long way towards achieving the ob-

jective of the Prime Minister to make Malaysia a modern industrial nation."

In addition, it would help reduce Sabah's dependence on traditional sectors and the multiplier effect would accelerate the economic development of the state.

Tan Sri Thong, who is also secretary general to the Ministry of Finance, pointed out that the magnitude of the projects in terms of the complexities, funding and marketing of the final product required the close cooperation of the federal and state governments.

When the projects come on stream, they will provide employment to 490 people on the island. To date, 307 of the posts have been filled. While under construction, the project has provided employment to more than 3,800 people.

The Prime Minister visited the sites of the three projects.

## TIMBER PRODUCT EXPORTS TO SOUTH KOREA IMPROVE

Kuala Lumpur BUSINESS TIMES in English 28 Oct 83 p 24

[Article by Vong Nyam Ming]

[Text]

**MALAYSIAN** efforts to increase the export value of its primary commodities shows promising results in its timber trade with South Korea.

Statistics carried in the *Timber Trade Review* show that exports of mouldings, one of the higher value-added and more processed forms of timber, rose 29 per cent to \$15.3 million last year compared with the \$11.9 million the year ago.

In volume terms, the export of mouldings to South Korea rose 35 per cent to 14,978 cubic metres from the 11,021 cubic metres a year ago.

Plywood exports jumped 80 per cent to \$745,046 from the \$412,908 over the same period of time.

But in terms of the total timber trade with South Korea, logs, the most basic form of timber exports, accounted for the lion's share — a staggering 97 per cent.

Exports of logs, the lowest value-added of all timber exports, rose by eight per cent in 1982 to 3.22 million cubic metres compared with the 2.98 million cubic metres in 1981.

In value terms, relatively unprocessed timber exports constitute the bulk of the Malaysian timber trade — indicating that the efforts to boost value added in the exports of Malaysian primary commodities have not been particularly fruitful.

The rise in log exports shown in the quarterly published by the Malaysian Timber Industry Board was coupled to a rise in average log prices. Export revenues from the log trade with South Korea climbed by 12.6 per cent last year to \$580.8 million from \$515.9 million the year before.

Sawn timber exports to South Korea had a value of \$1.47 million, a 16 per cent drop over \$1.76 million the year before.

The total value of all forms of Malaysian timber exports to South Korea reached \$601 million last year, a 13 per cent increase over the year before when it stood at \$530 million.

In terms of volume, exports rose nine per cent to 3.3 million cubic metres from the three million cubic metres the year before.

## FOREIGN FIRMS BID ON TELECOMM SYSTEM

Kuala Lumpur BUSINESS TIMES in English 18 Oct 83 p 19

[Text]

FIVE international companies are bidding for the third major telecommunications project — the construction, on a turnkey basis, of a long-range transmission system by microwave.

The government is now evaluating the tenders and will make a decision early next year, the Minister of Energy, Posts and Telecommunications, Datuk Leo Moggie, said yesterday.

At a Press conference held after he met a visiting West German delegation headed by his counterpart, Dr Christian Schwarz Schilling, Datuk Moggie said a West German firm was one of the bidders.

Discussions between the two parties focussed on a West German government offer to train Malaysians in the telecommunications field and on contributions that West German firms could make to the vast expansion plans that the Telecoms Department has made.

Telecoms has three main projects to expand and improve the telecommunications network. One is the supply and installation of a digital switching system over a period of 10 years. The \$1.2 billion contract was awarded to Perwira Ericsson and Pernas NEC last year.

The second project was for the design, supply and installation of 1.7 million telephone lines by 1988. The \$2.6 billion contract was awarded early this month to four Bumiputera contractors — Uniphone Sdn Bhd, Binafon Industries, Electroscon and Sri Communications. Each was given an equal share of the work.

On the offer to train Malaysians in telecommunications technology through classroom lectures and practical on-the-job training, Datuk Moggie said the Ministry would certainly look into it to see how it could take advantage of it. This was the first time that an offer had been made specifically for telecommunications, he said.

CSO: 4200/175

## MALAYSIA TO BUY BRAZILIAN IRON ORE

Kuala Lumpur NEW STRAITS TIMES in English 17 Oct 83 p 18

[Text] Rio De Janeiro--Malaysia has clinched a US\$45 million deal with Brazil for the purchase of 1.5 million tonnes of lump ore and pellets under a counter-trading arrangement between the two countries.

The lump ore and pellets are to be used as raw materials for the production of hot briquetted iron by one of the Sabah industries' gas plants in Labuan.

The deal will be signed here tomorrow by the managing-director of the Sabah Energy Corporation, Haji. G.R. Ismail, and the chairman of the Sabah Industries Sdn. Bhd., Ibrahim Haji Menudin and representatives of C.V.R.D., a State-owned Brazilian trading company.

The signing will be witnessed by the Deputy Prime Minister Datuk Musa Hitam.

Haji Ismail, who is here as a member of the 25-man Malaysian trade mission accompanying Datuk Musa, said the iron ore and pellets would be supplied over a five-year period beginning from next February at the rate of 300,000 tonnes a year.

This, however, did not include the 150,000 tonnes--the contracts for the purchase of which was signed in Kota Kinabalu three weeks ago.

### Production

Sabah Gas needs 1.2 million tonnes of the raw materials a year to produce about 660,000 tonnes of hot briquetted iron for export. Initial production is expected by May or June next year.

He said negotiations for the purchase of the remaining requirement were being carried out with other suppliers in Brazil as well as those in Australia, Sweden and Peru--the three other countries that produce the ore.

Another member of the delegation said more deals were expected to be closed in the next few days for the purchase of other goods from Brazil in return for the purchase of other goods from Brazil in return for the recent multi-million

ringgit contract between Petronas and Petrobras for the sale of Malaysian crude oil.

Malaysia is also interested to sell rubber, palm oil, cement board, wood, shipping and bank services to the Brazilians. Items which the Malaysians are interested in buying are construction materials, beef, sugar, engineering tools and industrial products.--Bernama

CSO: 4200/175



ARMY PLANS ATTACK ON COMMUNIST BORDER RACKETS

Penang THE STAR in English 17 Oct 83 p 3

[Article by Tommy Lee]

[Text] Penang, Sun--The Malaysian army will liaise with its Thai counterpart to combat activities of communist terrorists said to be raking a certain percentage of money from business in south Thailand.

The General-Officer-Commanding of Peninsular Malaysia Mej-Jen Datuk Hashim Mohamed Ali said today that the army was aware of the situation.

"I will bring up this matter during the next general border committee meeting in Bangkok at the end of the month," Datuk Hashim, who is also GOC of the second infantry division, told the Star after launching a cleanliness campaign at the division's Jalan Sultan Ahmad Shah headquarters here.

"I will also liaise with the Thai authorities to see how best we can curb or control such activities."

It was reported last Wednesday that Malaysians were unwittingly contributing to the kitty of the communists terrorists each time they cross the border into south Thailand.

The report, quoting intelligence sources, said of the \$120 a Malaysian spend on the average each day there, at least \$12 goes to the communists.

"It stated that with an average of about 2,700 Malaysian visiting south Thailand daily, it is estimated that they spend about \$120 million annually--with \$12 million ending up in the communists' offers yearly.

The report further said that for every hotel room occupied, every massage or other pleasures enjoyed or for each item bought, the communist terrorists get a cut of the takings under the "live-and-let-live" relationship they have struck with the business community in south Thailand.

Datuk Hashim said today it was possible the communist terrorists could have some investments in tour outfits and nightspots there.

As regards to the large flow of Malaysians to south Thailand which helped to facilitate the "import" of firearms and drugs into Malaysia, Datuk Hashim said: "I believe that syndicates are involved in the smuggling of firearms. Malaysians are believed to be working hand-in-hand with the Thais in the smuggling rings."

Datuk Hashim said the increase in armed robberies here also proved that a "source" had been supplying firearms to criminals.

"This, however, does not mean that preventive measures by army and other relevant authorities are not effective. Nothing can be 100 percent perfect," he said.

Datuk Hashim added military personnel arrested a Malaysian for trying to smuggle two hand guns out of Thailand this year. The man is now facing court action.

CSO: 4200/176

## OPPOSITION WARNS ON OIL WELL DEPLETION

Penang THE STAR in English 25 Oct 83 p 4

[Text]

THE Government is working the country's oil wells at a reckless rate to resolve its cash-flow problems, said Opposition Leader Lim Kit Siang.

Therefore, there was an urgent need to review the national oil production policy to ascertain whether this method of increasing revenue was wise and sensible, he said during the debate on the Budget.

Mr Lim claimed that the Government had abandoned its oil depletion policy which was designed to strike a balance between raising revenue from crude oil and the need to conserve this resource for future generations.

He said oil production now stood at 381,600 barrels a day while the maximum level fixed until the end of the Fourth Malaysia Plan in 1985 was 362,900 barrels a day.

Despite the increase in output, the petroleum income tax was expected to decline from \$1.94 billion this year to \$1.89 billion next year because of low prices, Mr Lim said.

He called for a discussion and debate on the nation's oil resources with the Government furnishing all the relevant data, policy alternatives and decisions.

Mr Lim also urged the Government to curb public

debt which he said had risen 150 times in the last five years from \$20.71 billion in 1979 to \$30.36 billion forecast for this year.

Encik Mutang Tagai (BN - Bukit Mas) said the rich could afford the proposed increase in import duties on luxury items.

But, he said, the increase in import tax from 15 to 25 per cent on completely-knocked-down cars was a burden to low-income workers who formed the bulk of consumers buying cars costing less than \$20,000.

He urged the Government to strictly control the content of video cassettes since the Budget proposed a reduction of duty on video recorders and tapes.

Encik Hassan Alhan Haji Sandukong (Independent - Labuk Sugut) said education should be given more attention because it was a means to national integration and the key to achieving the New Economic Policy objectives.

He said education in Sabah was not given due priority and urged the Government to build more well-equipped schools, provide more trained teachers, raise the morale of teachers by confirming their appointments and promoting

them, and treat teachers in Sabah as those in other States.

He suggested that the Government set up a branch of Universiti Kebangsaan Malaysia in Sabah to help raise the education standard of students in the State.

Dr George Chan Hong Nam (BN - Lambir) said the Government should encourage the setting up of private colleges because of limited places in local universities.

He said this would be in line with the 'privatisation' concept and would reduce the loss in foreign exchange brought about by the many students who had to pursue higher education overseas after being unsuccessful in entering local universities.

Dr Chan said that as a developing country on the threshold of industrialisation, Malaysia needed more students to take up technical courses.

He urged the Government to pay more attention to expand international trade with developed nations as well as Third World countries.

In view of the recent RMF loans issue, Dr Chan suggested that Bank Negara impose strict control over public investment overseas.

## BRAZIL TO BUY MORE MALAYSIAN OIL

Penang THE STAR in English 19 Oct 83 p 40

[Text]

RIO DE JANEIRO, Tues. — Brazil wants to increase its purchase of crude oil from Malaysia over five years, Director of International Trade Asmat Kamaluddin said here yesterday.

He said that negotiations were underway for Malaysia to supply 18.25 million barrels over the period in addition to the 900,000 barrels stipulated under an agreement between Petronas and the Brazilian State-owned oil corporation Petrobras signed earlier this year.

Encik Asmat, who is accompanying Deputy Prime Minister Datuk Musa Hitam on his official visit to Brazil, said the mode of payment was still being discussed.

If the deal comes through, trade between the two countries could swell to more than US\$240 million (\$552 million) a year and tilt in Malaysia's favour.

The present annual trade between Malaysia and Brazil amounting to about US\$50 million (\$69 million) is in Brazil's favour.

Encik Asmat, who is here as a member of the trade

delegation accompanying Datuk Musa Hitam on his official visit, said Malaysia was also interested in selling rubber to Brazil under a reciprocal trading arrangement.

In return, Malaysia was keen to buy halal meat, cotton and sugar from Brazil.

Brazil now supplies halal meat to West Asia.

A contract was signed here yesterday between the Sabah Gas Industries Sdn Bhd and the CVRD, the Brazilian State-owned trading company.

Under the contract signed by representatives of both companies, the CVRD is to supply the Sabah Gas 300,000 tonnes of lump ore and pellets worth US\$45 million (\$103 million) over five years beginning from February next year at the rate of 300,000 tonnes a year.

Datuk Musa said after the signing of the contract that there were still many areas and trade opportunities which could be exploited for mutual benefit.

"There are a lot of things that we can offer to Brazil and likewise you have a lot

of things to offer us," he said.

He also underlined Malaysia's desire to promote south-south dialogue in the interest of fair trade relations among the developing world.

"My presence here in a sense is symbolic and should be interpreted as a manifestation of our seriousness in wanting to promote such co-operation," he said.

Datuk Musa said he brought along with him a 25-member delegation which had been given specific instructions to "discover Brazil".

"In the past our understanding of Brazil as a source of economic collaboration was rather limited.

"But now I can assure you that with better understanding, we can look forward to setting up joint ventures and dealing with less familiar products," he said.

Earlier, CVRD president Eliezer Batista Da Silva said he hoped the signing of the contract would mark the beginning of a better longterm co-operation between the two companies.

— Bernama

## BRIEFS

INDONESIAN-MALAYSIAN LABOR ACCORD--The framework of understanding for recruitment of Indonesian labour for Malaysian needs is expected to be signed soon, Malaysian Ambassador to Indonesia Datuk Mohamed Rahmat said in Jonor Baharu on Saturday. He told Bernama the accord would put an end to the problems of illegal immigrants and illegal workforce and other social issues that could create an "uneasy atmosphere" in relations between the two countries. "Malaysia thanks the Indonesian government for its spirit of cooperation and goodwill in understanding the problems that are related to the interests and welfare of the peoples of the two countries," he added. "We are confident the signing of the accord will resolve our problems of labour shortage in the construction industrial and agricultural sectors." [Excerpt] [Kuala Lumpur BUSINESS TIMES in English 17 Oct 83 p 2]

OIL EXPORTS FOR TAIWAN--Taiwan plans to double its imports of crude petroleum from Malaysia which now stands at 5,000 barrels per day, the visiting chairman of the Chinese National Association of Industry and Commerce (CNAIC), Dr Koo Chenfu, said on Saturday. He said this at the end of the six-day visit here. The mission, here to explore areas of trade cooperation with Malaysia, held several discussions with officials from the Ministry of Trade and Industry. [Excerpt] [Kuala Lumpur BUSINESS TIMES in English 24 Oct 83 p 1]

CSO: 4200/175

## DIPLOMATIC, TRADE LINKS WITH MIDEAST AT NEW PEAK

Wellington THE EVENING POST in English 31 Oct 83 p 4

[Article by Peter Bale]

[Text] Iran has a top-level ministerial mission in New Zealand, as our trade and diplomatic relations with the Middle East reach a new peak.

Next week Iran will also send top trade negotiators here to thrashout a new sheepmeat contract with the Meat Board — business worth more than \$200 million annually — the first time the negotiations have been held in New Zealand.

Both visits have been kept confidential to those directly involved until now, partly because of the sensitivity of the meat negotiations (delays in which have caused massive upheavals in previous years as Iran delayed decisions on the 60,000 tonnes of lamb it usually takes).

New Zealand's primary produce trade with Iran has also been a delicate issue while Iran is at war with its northern neighbour.

The Deputy Minister of Agriculture for Iran, Dr Radi Maybodi, has been in New Zealand since Thursday with a dozen top aides, studying farming and livestock and food processing with the aim of increasing

ly significantly Iranian imports of livestock, semen, and agricultural technology.

Dr Radi will also lead another group of officials from the Iranian General Trading Corporation and the Iranian Meat Organisation in the talks with the Meat Producers Board and its agents, Thomas Borthwick and Sons, next week.

Iran is already New Zealand's fifth biggest market in the world, after the traditional biggies of Australia, Britain, the United States, and Japan.

Exports to Iran last year were worth \$356 million, made up almost entirely of meat and wool, though a large dairy trade is emerging this year, making it by far our biggest customer in the Middle East.

Saudi Arabia is next, with \$75 million in imports from New Zealand and is regarded as having the best growth potential.

For this reason New Zealand will establish a two-person diplomatic post in the Saudi Arabian commercial capital, Jeddah, early next year.

The opening of the post, which has been demanded

by New Zealand business people for several years, will probably coincide with the February 1984 visit to the region of the Minister of Foreign Affairs and Overseas Trade, Mr Cooper, and possibly another senior cabinet minister.

Funding of the new Jeddah post will come from Foreign Affairs' trimmings at New Zealand House, in London, and staff reallocations from Europe.

Its creation will cap a year of unprecedented activity between New Zealand and the Middle East and Gulf states, which has seen New Zealand take a major role with the Gulf Co-operation Council in improving food hygiene standards and distribution in the region.

Numerous private, producer board, and government missions have visited the Middle East.

In return, Saudi Arabia has sent its Deputy Minister of Commerce, its head of standards organisation, and others here; a Kuwaiti agricultural delegation will arrive this weekend and visits are scheduled in coming months for the head of the Gulf Co-operation Council and officials from the United Arab Emirates.

# BUTTER PRICE WAR VOWED IF QUOTA CUT

Christchurch THE PRESS in English 28 Oct 83 p 1

[Text]

PA Wellington

New Zealand would undercut European Economic Community butter prices on the world market if the E.E.C. cuts New Zealand's butter quota any further than it has already proposed, said the chairman of the Dairy Board, Mr James Graham, yesterday.

Mr Graham, who recently returned from Europe, said in an interview that if the E.E.C. reduced New Zealand's allocation any further New Zealand's co-operation with it, and the world markets, would suffer.

"It simply means that we will have to sell the butter and we will have to sell it at a price," Mr Graham said.

"If that price is below the E.E.C. price, that will have to be."

"We would not be dumping butter, because we are still selling butter above the current price of manufacture, but what we have said

quite clearly is that we have had a restrained volume of dairy products continually going on to the world market and that we will continue to sell those products, day in, day out, year in, year out.

"We have been able to co-operate with the E.E.C. on the basis of there being an ability up to now for us to diversify into other markets.

"That diversification is no longer possible and we have reached the bottom end of what we can accept in terms of reduction," Mr Graham said.

The E.E.C. proposes to reduce New Zealand's butter access from the present rate of 87,000 tonnes to 83,000 tonnes next year, with a reduction of 2000 tonnes for each of the next four years, ending with an allocation of 75,000 tonnes in 1988.

Some E.E.C. watchers have suggested that the E.E.C. Ministers of Agriculture could whittle the

amounts even further.

Mr Graham believed that, in general, the E.E.C. countries had "taken on board" New Zealand's argument that unless it gets the same quantities for access it has at present, New Zealand would end up competing with the E.E.C. in countries such as Algeria, in North Africa, and the Middle East, in direct conflict with the Danish.

Mr Graham dismissed as mainly "political utterances" problems with the French and Irish but said he could appreciate the problem Mr Deasy, the Irish Minister of Agriculture, had in representing his own farmers.

Suggestions that New Zealand should withdraw from butter negotiations with the E.E.C. were unrealistic, Mr Graham said.

He hoped that New Zealand would not be "stuck in a scene" with the E.E.C. and United States having a trade war over dairy products.



PNG PERSONNEL TO RECEIVE PARACHUTE TRAINING IN AUCKLAND

Kuala Lumpur ASIAN DEFENSE JOURNAL in English Oct 83 p 114

[Text]

A 25 member strong contingent from the Papua New Guinea Defence Forces have arrived in New Zealand to attend a four-week parachute refresher course at RNZAF Base Auckland. The course is under the auspices of the New Zealand Ministry of Defence's Mutual Assistance programme and marks another step in the development of defence relationships between the two countries.

The first PNG serviceman to train in New Zealand was an officer who attended the RNZAF Command and Staff College course in 1978. In January 1980 a team of officers from the New Zealand Ministry of Defence visited PNG to assess PNGDF training needs and to lay the basis for an annual programme of co-operation.

This visit led to an increase in the provision of training advice and assistance and a year later the development of an annual programme of defence coopera-

tion, including training and other activities was formalised by an exchange of letters between the two Ministers of Defence.

Eighty members of the PNGDF had attended formal courses or received on-the-job training in New Zealand, by July this year.

The Mutual Assistance Programme has also sponsored visits by PNGDF officers to New Zealand to observe battle simulation techniques practised during a command post exercise, to attend major command and signals exercises and to study the organisation of New Zealand's maritime surveillance operations.

Training provided in New Zealand has been supplemented by the deployment of training teams to PNG. Courses conducted include basic and advanced cliff climbing techniques, physical training instruction, shooting coaching and military police platoon sergeant induction.

# MINISTER'S DEATH HIGHLIGHTS SUCCESSION PROBLEM

Kuching SARAWAK TRIBUNE in English 18 Oct 83 p 3

[Article by Francis Daniel]

[Text] Singapore, Mon. Reuter--The sudden death on Friday of Singapore Finance Minister Hon Sui Sen, one of the island republic's longest serving Ministers, is expected to quicken the search for bright young political leaders to take over from the old guard.

The succession question was also highlighted when Second Deputy Premier Sinnathamby Rajaratnam, another political stalwart, suffered a minor heart attack last week.

The health of Lee Kuan Yew, Prime Minister since 1959, has become a matter of persistent speculation, often sending jitters through financial markets.

First Deputy Premier Dr Goh Keng Swee, regarded as the driving force behind Singapore's economic success, had to cancel engagements last week because of illness.

The three Ministers are all in their 60s, as was Hon, and have declared their intention to step aside for younger leaders before the end of the decade.

## Not Been Tested

Rajaratnam, the main architect of Singapore's foreign policy, says the old guard has been grooming new leaders "but the problem is they have not been tested."

"They are all walking the tightrope but there is a safety net below them--us, the old guard. How they would conduct themselves after the safety net is removed we do not know," Rajaratnam said recently.

Rajaratnam's worry apparently stems from the fact that most of the younger members of the ruling Peoples' Action Party (PAP) in the Cabinet and Parliament are technocrats with little political acumen or grassroots support.

The newly-emerging leaders also face few political challenges, unlike their elders who led the island to independence after a bitter anti-colonial struggle.

The PAP now dominates society, including the important labour sector. Singapore's economy is among the most stable in the region and its 2.4 million people who enjoy a standard of living next only to Japan in Asia, find little cause to upset the status quo.

#### Fears

Writing in a party magazine, Lee said he found ensuring succession by younger, able and dedicated men more difficult than building the party during the turbulent 1950s.

Lee's concern was highlighted two months ago when he dropped one of his proteges, Lee Chee Onn.

Harvard-educated Lim was considered one of Lee's top four potential successors, particularly after he became chief of the government-backed National Trades Union Congress (NTUC) and a Cabinet Minister without portfolio.

Lim's fall was as sudden as his rise because he failed to live up to Lee's expectations in running the NTUC.

Other young leaders still on trial accepted Lim's political demise as the price of the rigorous standards set by Lee for "political self-renewal."

But Hon's death has renewed fears that Singapore's talent pool may shrink with the passing of the old guards.

Defence Minister Goh Chok Tong, one of the new leaders believed to be in line for Prime Ministership, said Hon's death underlined the importance of bringing young blood into the political leadership.

#### Search

"It is important for Singapore to have a steady stream of people willing to come forward to serve their country. The search for talented and dedicated Singaporeans must be carried out at all levels of society," Goh said.

Goh, who is also PAP organising secretary, said the party planned special meetings for its younger members to instil a greater sense of commitment.

Goh has maintained a high profile in recent months. Other names often mentioned as likely candidates to succeed Lee are Minister for Trade Industry Tony Tan and Ong Teng Cheong, who replaced Lim in the NTUC and Cabinet.

All are in their 40s and many have served in the civil service or held top administrative posts in the private sector before being brought into the PAP.

Their lack of political experience has been only a minor handicap against a weak and fragmented opposition which has never recovered from crushing defeat in the 1959 general election.

The lone opposition Member of Parliament, J.B. Jeyaratnam, accuses the PAP of stifling legitimate dissent.

He sees his by-election victory in 1981, the first opposition win in 16 years, as a signal for change.

Lee and his older party colleagues see Jeyaratnam's entry into the 75-seat Parliament as an aberration to be rectified in the general election due late next year.

But a by-election in Hon's constituency could be a litmus test of the popularity of Lee's handpicked younger generation of leaders. Under the constitution the government can call a by-election in its own time.

Lee is confident the PAP will maintain its hold long after he leaves power after a smooth leadership transition over the next decade.

On his 60th birthday last month, Lee said he hoped ten years hence he would sit back and "survey a thriving Singapore, with a younger Prime Minister and his Cabinet well established and on top of the many problems that come with high growth and rapid changes."

CSO- 4200/182

SINGAPORE TO HAVE FOUR RAAF UNITS

Kuala Lumpur NEW STRAITS TIMES in English 28 Oct 83 p 1

[Text]

**SINGAPORE,**  
Thurs. — Four Royal Australian Air Force (RAAF) detachments will be deployed in Singapore next year, Australian High Commissioner Kenneth McDonald said today.

He said the detachments would operate under the terms of the five-power defence arrangement which groups Malaysia, Singapore, Australia, New Zealand and Britain.

Mr McDonald was speaking at a welcoming ceremony for six Mirage jets and about 100 air and ground crew of the RAAF from Butterworth at the Paya Lebar Air Base.

The jets from Squadron 3 are here to participate in a three-week joint training exercise with the Republic of Singapore Air Force.

It is the first RAAF aircraft detachment to be stationed at Paya Lebar. Previous operations were carried out at Tengah Air Base.

Mr McDonald said that it is unlikely that a permanent RAAF detachment would be based in Singapore.

The Australians withdrew from here earlier this year following agreement on redeployment of Squadron 75 from Butterworth to Darwin to prepare for the introduction of the RAAF's new F-18 Hornets. — Bernama

CSO: 4200/183

#### OIL REFINERS MAY LEASE IDLE PLANTS

Kuala Lumpur NEW STRAITS TIMES in English 25 Oct 83 p 11

[Text] Singapore, Mon.--Singapore's refining industry may have to lease out some of its idle plants if the business outlook worsens next year.

And in so doing, the refiners may have to "lease" or commit their spare plants for longer periods, that is, for a few years instead of up to a year at present.

The earlier short-term commitments, known as term processing deals, were applied to Indonesia, which has been sending its crude here for processing.

#### Refineries

"This is preferable to leaving a plant idle," said a refiner.

Most refineries are projecting there will be less crude oil being processed here in 1984.

The president of Singapore Petroleum Company (SPC), Mr Cheng Hong Kok, while saying he is "cautiously optimistic," admits that "next year will be more difficult than this year."

Indonesia recently announced that it would no longer refine its oil in Singapore after this year because of its own new refineries.

And this huge void is still unfilled. In its heyday, Singapore had 200,000 barrels of Indonesian oil sent here daily and this represented a quarter of the industry's business.

Dr Fereidun Fesharaki, co-ordinator of the Asian energy security project at the East-West Centre in Hawaii, recently cited at a Washington symposium and at another energy conference in Colorado, the case for Singapore refineries to consider leasing idle plants, especially to countries planning to build more refineries of their own.

## Capacity

China, for example, is planning to build a 100,000 barrel capacity refinery near Hong Kong.

"The option of long-term leasing is not new to us," one large Singapore refiner said.

To meet its own parent network's requirements, the refiner calculated that it would allow at most 20 percent of its capacity for long-term lease. But this will vary among refineries.

A spokesman for Shell said: "We are actively looking at various ways (including the leasing option) and markets to replace the lost Indonesian business."

"It is all a question of what happens next year," an official said.

A third major refiner said it was working out the economics of leasing its plant.

CSO: 4200/183



## ASEAN URGED TO STRENGTHEN OIL POSITION

Kuala Lumpur NEW STRAITS TIMES in English 22 Nov 83 p 11

[Text] Singapore, Fri.--Asean oil producers should strengthen their position in their existing markets because China, which is emerging as a large oil-producing and exporting country, will be a keen competitor.

Petronas chairman and Chief Executive Tan Sri Abdullah Salleh today said Asean should plan ahead as a group to preserve and strengthen existing markets for its oil through adjustments in production, marketing and pricing strategies.

He said it was only realistic to anticipate the effects this "giant" would have on Asean's existing oil markets.

He was speaking at the ninth meeting of the Asean Council on Petroleum (Ascope) here.

The two-day meeting was opened by Singapore Petroleum Company (SPC) chairman Tan Boon Teik, who is a council member, and also the vice-chairman of the Singapore National Oil Company (SNOC).

Tan Sri Abdullah said there was a need to create a cohesive regional market for Asean's products, especially petroleum.

As a pre-requisite, a continual effort and commitment should be made to monitor and study the supply and demand situation for the products, he said.

He said he understood from Ascope's economic working committee that a new supply and demand situation for crude oil and petroleum products might emerge in the near future.

As such, member countries should review past trends in marketing to better cater for this.

Tan Sri Abdullah reiterated his call to mobilise expertise on oil, energy and related matters for the benefit of member countries.

Earlier, Mr Tan said although Singapore was the only non-oil producer in Asean, it was able to complement the needs of the producer members.

Singapore refineries had changed their facilities, making them more flexible in accepting various crudes for processing. The republic had also set up an independent storage terminal in August in view of the need for increased storage capacity.

Pertamina president-director Joedo Sumbono suggested that the emergency petroleum-sharing scheme, which in time of oil crises had enabled member countries to alleviate their oil shortages, should also apply under reversed market conditions.--Bernama

CSO: 4200/183

#### NEW PETROCHEMICAL PLANT TO GO OPERATIONAL

Kuching THE BORNEO POST in English 19 Oct 83 p 14

[Text] Singapore, Tues.--Asean's first petro-chemical plant in Pulau Merbau, Singapore, will begin operations next year.

The S\$2 billion complex consists of an ethylene plant and four downstream companies, located in the 120-hectare site closely-knit together by pipelines.

The complex could produce 300,000 tonnes of ethylene a year, 400,000 tonnes short of the demand in the Asean countries.

Briefing a group of visiting Asean journalists at the complex, the Petrochemical Corporation of Singapore (P.C.S.) business and administrative manager, Encik M. Gotoh, said the company's main market would be the Asean countries and Hong Kong.

He said the complex would get its supply of LPG and Naphta, the two raw materials needed, from refineries here and negotiations were underway to get supplies from Malaysia, Indonesia, China and West Asian countries.

He said demand for ethylene was expected to increase between five to 10 per cent a year. He did not foresee keen competition from the Asean countries though Thailand, Indonesia and Malaysia planned to set up their own petrochemical industries.

Encik Gotoh said if the other three Asean countries do venture into the petrochemical industry, they still could cooperate under the Asean Industrial Cooperation Programme.

#### Low Density

Touching on four downstream companies at the Pulau Merbau complex, he said, they would produce low density polyethylene thylene oxide, ethylene glycol and acetylene black.

The P.C. Eom was incorporated in Aug 1977 and its main shareholders are Japan/Singapore Petrochemical Company Limited and the Singapore government with an authorised capital of \$200 million and paid up capital of \$182.52 million.

CSIL 4200/183

SINGAPORE

BRIEFS

FIRM BEGINS MAKING ROBOTS--Singapore, Oct 27--A Singapore company has started manufacturing cheaper industrial robots for local use--the first local company to do so. A spokesman for Chartered Machine Tools (CMT) said it had so far produced 20 units of such robots which are at least 30-40 percent cheaper than imported models. The prices for Singapore-made robots, suitable for picking and placing materials for presses, injection moulding machines, die casting machines and assembly lines, range from S\$9,000 to S\$16,000 compared with S\$25,000 to S\$40,000 for the imported ones. CMT is a subsidiary of the government-owned Chartered Industries of Singapore. Two other companies--Asian Machine Tools and Scien-Tech Intraco Automation Pte Ltd have also announced plans to make robots here but have yet to start production.--AFP [Text] [Kuala Lumpur BUINSLS TIMES in English 28 Oct 83 p 24]

CSO: 4200/183

CHAWALIT, EX-CPT CADRE ATTACK STUDENT MOVEMENT; INTELLECTUALS RESPOND

Bangkok SIAM MAI in Thai 28 Oct 83 pp 11-16

[Article: "Scrapping Military Policy: Lieutenant General Chawalit and Prasoet, a Self-Destructive Theory"]

[Text] The movement of 14 October was not an independent movement since it followed a group with a mistaken line, that is, the line of demanding a constitution. Demanding a constitution will be beneficial only when there is a democratic system. But in a period when there is no democracy, demanding a constitution will achieve nothing.--Lieutenant General Chawalit Yongchaiyut.

At 1530 hours on 15 October 1983, the Student Association at Thammasat University held a discussion on the topic "Policy 66/1980 and the Path for Building the Nation" in commemoration of the 10th anniversary of 14 October. Initially, an invitation was extended to Lieutenant General Chawalit Yongchaiyut, the deputy chief of staff of the army, in his capacity as the officer who exerted pressure to have this policy implemented, which is still the main policy of the army today.

But on the day of the discussion, Lt Gen Chawalit claimed that he had urgent government business to attend to and would not be able to attend in person. And he said that no one else from the army could discuss this matter.

At the same time, Lt Gen Chawalit sent a five-page, typed document stamped with the seal of the army in the upper lefthand corner. Not only did this document substitute for Lt Gen Chawalit at the discussion, but Lt Gen Chawalit claimed that this document presented the views of the army on the events of 14 October.

Those who attended this discussion included Dr Pricha Premphongsan, Mr Chatrin Chaiwat, the editor of MATUPHUM, Mr Chamni Sakdiset, the former secretary-general of the Socialist Party of Thailand, Mr Bowon Yasintanon, the secretary, Police Captain Surat Otsathanukhro and Mr Karun Saingam, a Democrat MP from Buriram Province.

Must the Student Movement Have to Follow Policy 66?

The document stamped with the seal of the army that was sent by Lt Gen Chawalit Yongchaisit said that whether the activities of the students have a good or bad effect on developing politics and bringing about democracy depends on whether they follow the correct path. "If they follow the correct path, the results will be good; if they follow the wrong path, the results will be bad. If it is the wrong path, it would be better if the students took no action at all."

Lt Gen Chawalit said that activities that follow the correct path are independent activities that do not depend on or follow any particular person or group. When students carry on activities independently, they will be following their own path, and their own path is usually correct.

On page 3 of this document, Lt Gen Chawalit gave a concrete example of student activities that took place on 2 March 1957 when students voiced their opposition to the dirty election. He said that this was an independent action and the correct path, that is, the path of demanding a democratic system.

The most important thing about the ideas presented in this document is that, in the name of the army, Lt Gen Chawalit said that the movement of 14 October was not an independent movement since it followed the path of a group whose path was incorrect, that is, the path of demanding a constitution. Demanding a constitution will be beneficial only when there is a democratic system. But in a period when there is no democracy, demanding a constitution will achieve nothing. Having a constitution when the system is still a dictatorship will just result in the dictatorship becoming more oppressive.

What was most painful was when Lt Gen Chawalit said that Field Marshal Thanom had confirmed in this birthday greeting this year that people had tried to topple him and so they took steps to bring about the events of 14 October. If this is true, then 14 October was the path of others. And now, the actions of the students during the events of 14 October were not independent; the students were being used.

At the end of this document, after trying to twist the image of the success of 14 October to show that this movement followed an erroneous path, Lt Gen Chawalit recommended that the students be independent in their political activities by not depending on or following anyone.

Lt Gen Chawalit concluded by saying that Policy 66/1960 is a justification of the correct path for building the nation. "Thus, I ask those students who want to build this nation of ours and make it prosperous to support Policy 66/1960. You don't have to look elsewhere for a better policy."

These are the views of Lt Gen Chawalit Yongchaiyut, the deputy chief of staff of the army who has been called the brains of the army in the present period.

Prasoet Sapsunthon, Army Guide

During the ceremonies at Thammasat University to commemorate the 10th anniversary of 14 October, at a moment when the atmosphere was tense, a leaflet [was distributed]. This leaflet was written by Mr Prasoet Sapsunthon, a former communist who had a change of heart and who has supposedly played an important role in stipulating the path [of the army] and in guiding high-ranking army officers.

In this leaflet, Mr Prasoet Sapsunthon summarized things said during a round-table discussion on the events of 14 October, a discussion that was held at [the offices of] THE NATION on 24 September 1983. The contents can be summarized as follows:

The most important problem in the mass movement is the problem of a path, not the problem of aims. In every period from ancient times to the present, every real mass movement has aimed at making progress or carrying out a revolution.

However, the paths taken by the mass movements have differed. And the path is the thing that determines the results of the movement. It depends on whether the path taken is a correct path or an incorrect path. The aim is not the thing that determines the results of the movement.

Similarly, Mr Prasoet spoke about the movement of 2 March. This path involved appealing for a democratic system and opposing the dirty election. [The students involved] attacked dictatorship, that is, they attacked all the dictatorial parties, including the government and opposition parties. This was an independent path taken by the students. They did not accept or go along with the line of any dictatorial party and so this was a progressive path.

As for the 14 October path, Mr Prasoet said that this path demanded a constitution. Ever since 10 December 1932, the constitutional path has been the path of parliamentary dictatorship. This was proposed in order to fight the political parties, the military dictatorship and the coup dictatorship. Prior to 14 October, the Democrat Party was the leading party. It demanded a constitution in order to topple the military party, that is, the Revolutionary Council. The Student Center demanded a constitution and so it was on the same side as the Democrat Party. Thus, it attacked only one part of the dictatorial system and not the entire system. Therefore, the 14 October path was the path of the Democrat Party.



In conclusion, Prasert said that the aims of 14 October were progressive and with revolutionary characteristics. But the 14 October path was an outmoded path with reactionary characteristics. Since there were progressive and revolutionary aims under an outmoded and reactionary path, even though the demands were fulfilled, they failed to achieve the goals. That is, they got a constitution, but they did not get a democratic system to topple the military dictatorship. What they got instead was a parliamentary dictatorship.

After this leaflet was handed out to many people at the ceremony, it was observed that the proposals made by Mr Prasert and Lt Gen Chawalit were exactly the same. The appeals, examples and even the style of writing suggested that these documents had been written by the same person.

Comparing these two documents, Mr Karun Saingam, the MP from Buriram, declared that "after reading through these several times, [I realized] that they were very similar. The wording is quite similar, as if they were written by the same person. But regardless of whether they were written by the same person or by different people who hold similar views and regardless of who had who write these, looking at the document of Mr Prasert Sapsunthon, who spoke about paths, forms and aims and about the movements of 1957 and 14 October and the struggle using armed forces, the documents seem so similar."

The student leader told SIAM MAI that these two documents were both written by Mr Prasert Sapsunthon, with the wording in the document by Lt Gen Chawalit revised to make it more elegant.

And this is something that clarifies the issue of whether or not Mr Prasert Sapsunthon is the person who has given ideas to this officer.

And that is not all. This also points out certain things about the future of the military under the influence of this theorist.

#### The Reaction: Tear Up the Military Policy

During the discussion, most of those taking part compared the two documents and said that not only were these documents written by the same person but that the contents did great harm to the honor of the great struggle waged by the people.

There was an immediate reaction to the document written by Mr Prasert Sapsunthon. In his remarks, Mr Chamni Saksiset said that "I received a copy of Mr Prasert Sapsunthon's document 3 years ago and now again 100 years. I think that it is an unforgivable insult to the honor of 14 October."

Mr Chamni pointed out that concerning Mr Prasert's assertion that the 14 October path was incorrect since it demanded a constitution and not a democratic system, everyone knows that in a democracy, everyone has a right to trade and there can be several newspapers. But the movement was necessary in order to explain things to the masses who had gathered together. They had to be told why we had gathered together. The country did not have rules and so it was necessary to demand a constitution.

Mr Prasert was once a communist. He should know how to lead the masses. He was never in such a struggle but he criticizes things. I can do that. Chamni said that just watching the struggle by the masses is wrong. To support the struggle by the masses is wrong. People must participate in the struggle and point out things to make the masses understand. They must point out the correct path for the masses and not just sit back and criticize the masses like this," said Mr Chamni. He added that:

"What is the correct path for the masses? Mr Prasert said that the correct path for the people is to entrust power to someone so that that person can give sovereignty to the masses. Is this the correct path? Don't entrust power and sovereignty to General Prem or General Athit. Entrust them to me. Sometimes I'm not sure, though, about returning them. The views of Prasert are varied but the one word for them is 'nonsense.'"

That same evening, at the main auditorium at Thammasat University, Dr. Kiat Uthairakan, a former student leader who joined the communist party for a long time, gave a lecture on the idealism of youths and the way to build Thai society. Concerning Mr Prasert Sapsunthong, he said that "I once had an argument with Mr Prasert in the NATION. That day, I felt strange and wanted to find out what Mr Prasert was like since for a long time I had heard that Mr Prasert was the leading Marxist scholar in Thailand and a principal advisor to the army. I wanted to find out. But the first thing that he said almost made me faint out of disappointment. Was this the leading Marxist scholar! He said that the 14 October path was a reactionary path. In Chinese he would be said to be blinder than a blind man."

At the end of the ceremonies commemorating the 10th anniversary of 14 October, Mr Waraphot Otsathaphirat, the president of the Student Association at Thammasat University, remarked on the aims of the heroes. He read out documents and then, to the enthusiastic applause of the more than 1,000 people assembled in the auditorium at Thammasat University, tore up the two documents.

Something else that is important is that Policy 66/1980 is not a nation building line as stated by Lt Gen Chawalit. Basically, it is just a line for defeating the communists.

Mr Kiat Uthairakan said that Lt Gen Chawalit says that concerning the 14 October path, there is just one path that is correct and that there is just one correct path in a given situation. This is worth thinking about since both fascists and communists say that there is only one correct path.

Dr Pricha summarized the line and ideals of Policy 66 as follows:

1. The 66 Group has clearly stated that it will consider economic and political matters from the standpoint of the masses and with their interests in mind.

2. The 66 Group has analyzed Thai society by looking at the conflicts, not if has tried to avoid the conflicts. It knows that there is oppression but it tells people to unite.

3. The 66 line lacks a long-range perspective; it views the problems from the perspective of today. There is nothing concrete in it about the changes to be made or about creating new things.

4. The criteria used by the 66 Group lack [a sense of] history and time. There is no change. They want things to remain as they are.

5. Attention is given only to immediate interests. This can be seen from [what happened] during the period 1980 to 1983. They were not able to adjust to the situation and constantly insisted that the things presented were true.

"Policy 66/1980 is a movement to divide the masses into many factions that can be easily aroused and influenced. Concerning this movement to divide people by class, I think that this is the most important effect of Policy 66/1980," said Dr Pricha in conclusion.

#### The Birth of 66, Defeating the Communists

At the beginning of 1980, General Prem Tinsulanon, the prime minister, made the following remark: "Thailand's No 1 enemy is the communist army." Since the communists were viewed as the main enemy, it was necessary to find the most suitable way to score a decisive victory using new tactics in accord with the actual situation.

An important element in Policy 66/1980 is that to defeat the Communist Party of Thailand quickly, it is necessary to rely mainly on political measures, that is, eliminating the war conditions before the communist party can use them to get the masses to return to the struggle against the government. This also includes winning the hearts of the people and developing the nation's economy and society so that the living conditions of the people are good. This will unite the people with the officials of the state and result in their supporting the government. Waging war this way is the only way to defeat the communists. That is, civilians, police officials, soldiers and [other] people must be motivated to join together in the struggle to defeat the communists.

Thus, Policy 66/1980 is just a new idea that military officers recommended as a way to defeat the communists. It is not a strategy for building peace and perfect society in such a situation.

It must be admitted that Policy 66/1980 has enabled the government to survive politically and to virtually defeat the CPT. But there is no guarantee whatsoever that the communists will be defeated completely or that it will be possible to resolutely smash the armed struggle being waged by the CPT.

Concerning the image of Policy 66/1980, it has recently been said that this is the line of just three people. That is, it is the line of General Athit Kamlangek, Lieutenant General Chawalit Yongchaiyut and Major General Phichit Kunlawanit. And most recently, it has been viewed as being the line of Mr Prasert Sapsunthon.

Concerning this, Mr Chamni Sakdiset said: Recently, why has Policy 66/1980 become something bad and who is responsible for Policy 66/1980 becoming a vulgar thing? The answer is that this is the fault of those who recommended Policy 66/1980 since they have cited this policy in trying to amend the constitution. This has resulted in those who oppose amending the constitution attacking Policy 66/1980. And when this crisis arose, no one came forward to provide protection, not even General Prem, who is the person who signed the order.

"I am not sure whether the government is still following Policy 66/1980 or not. Even though it is not a policy for building the nation, its good aspect is that it gives people a chance to 'breathe.' We have a chance to debate ideas," said the former secretary-general of the Socialist Party.

Many observations have been made about Policy 66/1980 because, in the past before Policy 66/1980 was implemented, the government used strong suppression measures in fighting the communist. And this was considered to be a policy for forging unity in the military in the past in suppressing the communists. But after seeing the weaknesses, General Prem Tinsulanon and General Han Linanon--during the period that they were engaged in communist suppression activities in the Second Army Area--proposed a new policy and claimed that it would solve the problems. But doubts arose as to whether this policy would in fact solve the problems.

However, it would not be incorrect to say that, actually, Policy 66/1980 has succeeded in ending the war at one level, particularly in certain rural areas such as in the south. General Han Linanon, the commanding general of the Fourth Army Area for the past 2 years, was actually able to transform Policy 66/1980 into a concrete policy, the Thai Rom Yen Policy.

But using Policy 66/1980 as a policy in building the nation, as stated by Lt Gen Chawalit, is something that must be studied much more. Because Policy 66/1980 is a policy that was designed basically to defeat the communists.

At the same time, the times have changed, but the people in charge of implementing policies continue to hold firmly to the old policies without making any changes or checking things. Thus, this can easily serve as a target that can be attacked by various sectors.

#### Erasing the Image of 14 October and Destroying the Democratic Forces

The events of 14 October 1973 were not just a tremendous explosion by the people's forces in toppling a dictatorship. They have also served as a major goal for those who love democracy to cling to as an example in fighting to create a truly democratic system.

Ever since the events of 6 October 1976, both the administrators and the military dictators have been trying to obliterate the image of this great struggle by the people.

The Heroes Monument, whose foundation stone was laid by the patriarch, stands abandoned by the side of a government lottery stall. Donations by the Student Center of Thailand were seized by the government.

And the movement to obliterate these events is expanding in ever more complex forms. In one period, the capitalists, whose interests had been adversely affected by the activities of the students as a result of the events of 14 October, and the extreme right, tried to erase the image of 14 October and of the student movement by using smear tactics, charging them with being communists and troublemakers, and finally, using barbaric suppression measures during the events of 6 October.

Recently, respected officers who have gained a reputation because of their rapid rise in the military and who have volunteered to lead the people in carrying out a democratic revolution under the banner of the military have joined hands with political theorists who once participated in the struggle with the people. Together, they have spread propaganda attacking the 14 October movement using the problem of a path. They have attached the label "reactionary path" to that movement.

In the situation in which the democratic forces cannot unite, the movement to obliterate 14 October has exerted every effort to pound [these forces] using various methods.

Policy 66/1980, which has halted the growth of the communist party and given some freedoms to the people is now being used by one group to gain influence over all aspects of society.

This is a very dangerous situation for the democratic forces.

Concerning present efforts to build democracy in Thai society, it can be said that there are only two groups with sufficient potential to lead the masses in building [democracy]. These two are the military and the

capitalists. Both of these groups have proposed carrying out a democratic revolution under their own banner. And both these groups are competing to win the scattered democratic forces to their side.

Concerning this situation, it can be said that more and more elements of the democratic forces have begun to waver and to choose a path.

But they are not turning back to their pure forces, which are being scattered. Instead, they are really cooperating with other forces in working to create a democracy under a people's banner that is free from the influence of the capitalists and soldiers and even the communists.

#### Chawalit-Prasoet, Self-Destructive Theory

The image of Policy 66/1980 has been tarnished somewhat by the fact that those who support this policy have used a former communist as a tool. And in the end, this person has become the guide. This did not happen just recently. This is something that has never been accepted. Thus, the military has been criticized continually, both by the democratic forces and by the far right.

The most recent manifestation, which was opposed by the students when they tore up those documents, is an indication that Policy 66/1980 is being used improperly and that this will have a very adverse effect politically.

We must not forget that the past struggles waged by the students have always taken place in the form of a movement. From 14 October until they took up the struggle together using armed force, the students were part of a movement. And today, even though the political tide is not high, the student movement is still in existence, and at present it is the strongest democratic force.

After the students turned away from the communists, what they encountered was Policy 66/1980, which gave them the right to carry on political activities. The students placed their trust in Policy 66/1980 to a certain extent. But since Policy 66/1980 is just a tactic to defeat the communists that talks about a democratic revolution and that uses democracy as a passageway, the most worrisome thing is that the students will begin to reject Policy 66/1980 more and more. And in the end, they may try to find a new way out by themselves.

Thus, the attempt by Lt Gen Chawalit, in the name of the army, to obliterate the image of the army of 14 October is like a self-destructive policy that will have political reverberations that will be difficult to recall.



Policy 66/1980 and the Path for Building the Nation [by] Lieutenant General  
Chawalit Yongchaiyut, Deputy Chief of Staff of the Army

Ladies and Gentlemen:

I want to thank the Student Association at Thammasat University and the committee in charge of arranging the ceremonies in commemoration of the 10th anniversary of 14 October for having invited me to participate in the debate today.

Ladies and gentlemen, before I begin discussing the topic, because today is the anniversary of the events of 14 October, I would like to discuss the events of 14 October as I see them in order to have this serve as a basis for discussion.

The events of 14 October were political activities carried on by the student movement of Thailand. The student movement was a part of the democratic movement, which had played a continuous role for a long time. Thus, the events of 14 October did not occur all of a sudden. They were a continuation of past student activities in the democratic movement.

There were two types of student activities. One type did not concern politics; the other type did.

Examples of activities that did not concern politics are the demand that Thammasat University be returned from the forces of the Coup Committee, the activities aimed at getting rid of the rector of Ramkhamhaeng University and various other activities.

There were important political movements on three occasions; The movement on 2 March 1957 to demand a democratic system and to oppose the disorderly election; the movement on 14 October to demand a constitution; and the armed struggle that lasted several years.

I want to discuss only the political activities of the students and disregard those activities that do not concern politics. Because the student movement is an important element in the democratic movement, it plays an important role in developing politics and bringing about a democratic system. In particular, Paragraph 4.5 of Policy 66/1980 stipulates that the democratic movement is to be promoted. For these reasons, I want to discuss only the political activities of the student movement.

Ladies and gentlemen, even though the student movement is an important element of the democratic movement and plays an important role in developing politics and bringing about a democratic system, whether the political activities of the students bring good or bad results in developing politics and bringing about democracy depends on whether the path of the activities is correct or incorrect. If the path is right, the results will be good; if the path is wrong, the results will be bad. If the path is wrong, it would be better [for the students] not to engage in any activities.



at all. Thus, students must be aware of this and not just act blindly. They must carry on activities in a conscious and responsible manner.

Showing a sense of responsibility means that when students take some action, they must follow the correct path. Following the wrong path is being irresponsible.

How can [students] take action following the correct path? They can do so by acting independently and not following or subordinating themselves to a particular person or group, wither knowingly or unknowingly. Whenever students act independently, they will be acting in accord with their own path. And their path will always be right. At the very least, there is a guarantee that it will not be wrong.

I would like to compare the three movements mentioned above. The movement of 2 March 1957 was an independent movement. It did not follow or subordinate itself to any group and so its path was correct, that is, the path of demanding a democratic system and opposing the improper elections. The government at that time approved of this but was not able to take any action since it was toppled before it could do so.

The movement of 14 October was not an independent movement since it followed a group that had an incorrect path, the path of demanding a constitution. Demanding a constitution will be of benefit only after there is democracy. But at a time when there is no democratic system, demanding a constitution will not achieve anything. And having a constitution when the system is still a dictatorship will just result in the dictatorship becoming more oppressive.

It can be seen that after the 14 October movement gained a constitution in accord with the goal, the dictatorship became more oppressive. And so the military has had to demand political development and the implementation of a democratic system using Policy 66/1980. If the 14 October movement had had a correct path, that is, if it had demanded a democratic system, and gained a democratic system as demanded, the military would not have had to implement Policy 66/1980 to develop politics and bring about a democratic system.

The constitutional path is the path of a certain group that made this proposal just in order to topple its enemies and not to develop politics and bring about democracy. Field Marshal Thanom confirmed this in his birthday message this year. He said that some people wanted to topple him and so they exerted pressure to bring about the events of 14 October. What he said is true. The 14 October path was the path of others. Thus, the activities of the students during the events of 14 October were not independent activities. Unknowingly, the students were following others. This differed from the movement of 2 March.

As for the armed struggle, the students were clearly not independent. It is well known that the armed struggle path is the path of the CPT. This path is wrong and is harmful to the country.

Ladies and gentlemen, you can see that a student movement that is correct is an independent movement. When [students] are independent, they will come to understand on their own what the correct path is and what the incorrect path is. And when the students hold to the correct path, [their path] will be in line with the correct path of other movements since in any given political situation, there is just one correct political path.

If students come to have a correct path from acting independently, their path will be in harmony with Policy 66/1980 since Policy 66/1980 is a manifestation of the correct path for building the nation.

I want to discuss certain sections to show in what ways Policy 66/1980 is a correct policy for building the nation. For example, Paragraph 4.1 stipulates that "all actions must help the people to realize that this is their land and that they must help defend it."

To make the people realize that this is their land, political action must be taken to give sovereignty to the masses and give absolute freedom to the people. If sovereignty does not belong to the people and the people do not have absolute freedom, the people will not realize that this land is a possession that they must defend. At the same time, economic action must be taken, too. In particular, the farmers must be helped so that they have a good standard of living, oppression and exploitation must be stamped out, the interests of the different classes must be linked, and the sources of injustice in society must be eliminated as stipulated in paragraphs 4.1., 4.2. and 4.3. of the policy.

General Athit Kamlangek, the supreme commander and the RTA CINC, summarized this policy in his radio and television address on 30 January 1983. He said that the "army is adhering to this policy in accord with Office of the Prime Minister Orders 66/1980 and 65/1982. This is a correct democratic policy. This is not just a policy for defeating the communists. It is a policy for struggling against everything that is incorrect in the country in order to help the country develop and to move toward a democratic form of administration with the king at the head, a just administrative system that will serve the interests of the majority of people in the country. My aims and the aims of the military are those stated in this order...." This was the statement made by General Athit Kamlangek.

Ladies and gentlemen, from my brief remarks here, it can be seen that Policy 66/1980 is a manifestation of the correct path for building the nation. Thus, in accord with the topic given to me, that is, "Policy 66/1980 and the Path For Building the Nation," I would like to conclude

by saying only that Policy 66/1980 is a manifestation of the correct path for building the nation. I ask all students of good will who want to help build this nation of ours and make it prosperous to understand and support Policy 66/1980. You do not have to look elsewhere for a path or policy.

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CSO: 4207/24

MALAYSIAN SINCERITY QUESTIONED ON ANTI-MCP RAIDS

Bangkok MATICHON in Thai 18 Oct 83 p 4

[MATICHON News Desk column by Abdul Kasemsan: "The Thai-Malaysian border Problem, Both Sides Must Show 'Sincerity'"]

[Text] The Thai-Malaysian border terrorist issue, which has long been smoldering, has again burst into flame and become a war of incrimination between Thai and Malaysian officials.

At the same time, one thing that the Thai government believes but that it has not stated openly is that if the separatists in the south had not received support from high-ranking Malaysians at the local level, it would have been difficult for the separatists to survive for so long.

If the matter had stayed at the level of "officials," things would just have gotten worse and one day there would have been an "explosion."

Saying that there might be an explosion some day refers to the fact that this issue is now being discussed frankly at the government-to-government level. And that means that this is the last chance; there is no other way for these two countries, which have had friendly relations for quite a long time.

Actually, Malaysia's charge that Thailand is supporting the communist guerrillas in the Malayan Communist Party is somewhat strange.

It's true that since most of the communists in the MCP are of Chinese lineage, they may rely on this to form a relationship with "some" Chinese people in Thailand. But that does not mean that the Thai government or the Thai people in general support this.

The Thai government has long expressed the firm intention of suppressing the Malaysian communists who use Thailand's jungles and mountains as a place to recuperate. During the time of Lieutenant General Han Linanon, the Fourth Army Area smashed MCP regiments.

And after scoring these achievements, senior Malaysian officials were invited to come see our "sincerity" for themselves.

But conversely, in a similar situation, Malaysia has not destroyed even one separatist base. Important Malaysian states Kelantan and Terengganu have openly stated that they are supporting the separatists.

In this situation, the people and government of Thailand have a legitimate right to be suspicious of Malaysian officials and senior Malaysian politicians.

A penetrating observation is that while the members of the MCP are Chinese and are not related to the Thai people in any way, the separatists that are creating disturbances along the border are Malays just like the people of Malaysia and they share the same religious beliefs. These are special factors that make it impossible to deny their involvement.

Furthermore, in cooperating to control the border area, Thai governments in several periods have acquiesced to and been taken advantage of by Malaysia.

During 1977 and 1978, Malaysian soldiers and officials enjoyed many rights concerning entering Thai territory. But what happened was that there were several unusual clashes that occurred because of a misunderstanding.

Some Thai soldiers, police officials and civilians living along the border were killed by Malaysians and this was a bitter pill to swallow.

Thailand has not had any guarantees in checking things when Malaysian soldiers cross into Thai territory in order to suppress the Malaysian communist guerrillas. But concerning what benefits are given to the separatists who operate in Thailand, careful inspections have never been made.

Concerning these border issues, it's Malaysia that has constantly made charges and attacked Thailand. The Thai government has put up with this and tried not to bring up the problem since it has not wanted to cause a split.

But it does not seem that Malaysia is interested in the delivery of this problem.

But no matter how venomous Malaysia is toward Thailand, the Thai government should continue to act like an adult and maintain the attitude of the bigger country. It should patiently try to carry on diplomatic activities.

But being patient does not mean that we should let them take advantage of us, like the government did in 1977. Rather, we should also determine so that we can operate equally and peacefully.

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THAILAND

MILITARY FEARS COMMUNICATIONS SECURITY PROBLEM IN NAN

Bangkok MATICHON is Thai 26 Oct 81 p 3

Article: "Military Fears Leaks of Secret Communications, Asks For Law On Use of Portable Radios"

(Text) The deputy director of communist suppression activities in Nan Province has talked with several units in the Third Army Area. He feels that portable radio transmitter-receivers are becoming as common as "furniture." He is concerned about a communications leak.

A news report from the ISMC in Nan Province has informed reporters that Colonel Sommat Sukkumthapathipnak, the deputy director of communist suppression activities in Nan Province, sent a letter to the commanding general of the Third Army Area asking him to stipulate clear regulations on the personal possession of radio transmitter-receivers. Most of those who have such radios are government officials who use them in Nan Province. This letter stated that the reason for requesting that the army area issue such a regulation is that at present, government officials in many units and other people are regularly using such radios, and they all claim that they need to use these radios.

The letter from Colonel Sommat also said that concerning the possession of radios by government officials, most of whom purchase the adjustable frequency type, those who use these radios may adjust the frequency to tune in to units that are carrying out security tasks. This could lead to problems.

A reliable news source told reporters that Colonel Sommat sent this letter in order to generate discussion on this matter because recently, Mr Withaya Waraprasitwan, the president of the Provincial Council, asked to have a communications radio for personal use. But the provincial ISMC, through Colonel Sommat, opposed this.

"I have received reports that several senior officials are very upset about this. At first, permission was granted out of deference to Mr Withaya. Only Colonel Sommat opposed this, and he took this opportunity to discuss this problem with the army area," said the news source.

Colonel Sommat told reporters that he had in fact sent a letter to the commanding general of the Third Army Area to discuss the matter of people possessing radio transmitter-receivers.

"We don't object. But we do not feel that these radios of the officials are "furniture" that can be used extravagantly. Thus, we have discussed who should be allowed to use such radios," said Colonel Sommat.

Furthermore, a news report said that most of these radio transmitter-receivers, most of which are owned by government officials, were purchased for personal use in Nan Province. At present, there are about 20 such radios. The buyers purchase them in Hong Kong and smuggle them into the country.

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CSO: 4207/25

CHILD MALNUTRITION, EXPLOITATION IN FACTORIES DEPLORED

Bangkok MATICHON in Thai 7 Oct 83 pp 1, 16

[Article: "Many Thai Children Thought to Suffer From Malnutrition"]

[Excerpt] The Children's Foundation is making an effort to have people recognize and help solve the problems concerning Thai children. Malnutrition among Thai infants is alarmingly high. Many children suffer from psychological and nervous disorders. Children have cruelly been forced to work.

Mr Phiphop Thongchai, the secretary of the Children's Foundation, said that during the period 8-16 October, the Children's Foundation will organize an exhibit showing the problems of Thai children at the Central Plaza Department Store at Lat Phrao in order to make people more aware of the problems of Thai children and [encourage] them to play a part in solving the problems.

Mr Phiphop said that today's children face many problems, such as malnutrition. Most recently, in 1982, the statistics of the Ministry of Public Health show that of the 1 million infants nationwide between the ages of birth and 6 months, 507,900, or 50.79 percent, suffer from malnutrition. And of the 6.4 million pre-school age children, ages 0-5, 3.3 million suffer from malnutrition. Of these, 128,000, or 2 percent of the children in this age group, have serious cases of malnutrition. To date, this rate of malnutrition has not declined. As for school age children, that is, children between the ages of 6 and 14, it was found that 40-50 percent of these children had severe problems concerning a lack of protein and energy. This lack of proper food is the reason why children are weak, contract diseases easily, lack enthusiasm for various things, show low learning capabilities and show a lack of self-confidence. This also affects the intelligence of the children. Besides this, concerning the exploitation of child labor, it is estimated that almost 2 million children age 16 and up have to work in factories. It is estimated that 77 percent are in illegal, unregistered factories. This means that the laws and regulations are not protecting these children. Thus, most of the children have to work more than 8 hours a day. It is estimated that 25 percent work 13 hours a day and that more than 50 percent receive less than 20 baht per day.



## THAILAND

### RTN CINC VIEWS WEAPONS BUYING OPTIONS

#### Dutch, Swedish Options

Bangkok MATICHON in Thai 11 Oct 87 p 2

[Article: "RTN CINC Is Interested In Swedish Weapons; Insists That Every Baht Be Spent In the National Interest"]

[Text] A Dutch company has gone to see the RTN CINC in an attempt to sell weapons. Praphat insists on protecting the interests of the nation.

Admiral Praphat Chanthawirat, the RTN CINC, said that on 4 October, the Dutch ambassador to Thailand brought a representative of the H.S.A. Company, a representative of a weapons trading firm, to discuss what Admiral Sombun Chuaphibun, the former RTN CINC, had said in an interview with reporters. In the interview [Admiral Sombun] said that the company had set a price for the weapons that will be installed on Corvet ships that was 100 million baht higher than the price for which the weapons had been sold to Malaysia. [The company representative] said that this was incorrect and that the company had not intended to do this.

However, Admiral Praphat said that a committee headed by Admiral Benjai Suwong, the commander-in-chief of the Royal Thai Fleet, will discuss this matter, including prices and quality. It is expected that this will be completed this month.

"I want to say that this matter would be best handled by remembering what is in the best interests of the navy and the nation. We must determine whose weapons are cheaper. If the quality is the same, we will purchase those that are cheaper. But if the prices and the quality are the same, we will change the weapons system on the Corvet ships and use the weapons of the Swedish Phillips Company. We feel that since we have seen a lot of the H.S.A. Company for such a long time, they should give us a lower price. At present, we are interested in the (weapons) of the Phillips company," said Admiral Praphat.

### Submarine Purchase, Basing

Source: MATIROM in Thai 11 Oct 63 p 2

[Article: "Navy Plans to Buy Submarine to Block the Enemy"]

[Text: The navy wants to purchase a submarine and says that if we have a submarine, the enemy will not dare cause trouble.

Admiral Praphat Chantawiset, the RIN CINC, issued a statement on 10 October saying that the navy is considering purchasing a submarine and other support items such as weapons for the ships. It is expected that the ship will be based at Sattahip. The navy wants a ship of approximately 1,000 tons. If the ship is any smaller, a new model will have to be designed and the cost would increase.

"Concerning submarine techniques, we have to admit that Germany is really superior. India and Indonesia are second to Germany," said Admiral Praphat.

The RIN CINC said that there is definitely no problem with the Gulf of Thailand being too shallow. He once thought that the gulf would be too shallow. But during the Second World War, 1,500-ton foreign ships came and laid mine off the coast of Chumphon. And recently, a 3,000-ton U.S. submarine operated in the Gulf of Thailand near Sattahip. The submarines can be seen only when aircraft fly low-level reconnaissance patrols.

"If we had a submarine, the enemy would be afraid. If we have only surface ships, the enemy won't be afraid. We must have a submarine," said Admiral Praphat.

SONGKHLA MUSLIMS CHEATED OUT OF LAND

Bangkok MATICHON in Thai 24 Oct 83 pp 1, 16

[Article: "Eight Hundred Muslim Families Cheated Out of Their Land"]

[Text] More than 800 Thai Muslim families that live along Songkhla Lake were promised that they would be allotted land after giving up trap fishing but the promises have remained unfilled since 1975. These people are hungry and almost 500 children have had to quit school.

On 23 October, MATICHON received a request from a representative of the villagers in Hua Khao Commune, Muang District, Songkhla Province, most of whom are Thai Muslims who used to work as trap fishermen in Songkhla Lake. Later on, the government ordered the boats to remove the traps. And it was agreed that the government would allot them public land in Phawong Commune, Muang District, which is located on the opposite side.

However, the representative of the villagers said that this promise was made in 1975 but to date the 800 families that gave up trap fishing in Songkhla Lake have not been given any land. It seems that the land that had been readied, which is known in general as the Tha Sa-an land, was taken over by government officials and capitalists who plotted this together and who received the deeds, such as Title 1 and Title 3 deeds. When the villagers sent representatives to inquire about this and appeal to provincial officials, they were assured that the matter would be taken care of within 6 months. But nothing has been done.

"The villagers have appealed to every governor here. On 18 October, Governor Anek Rotphaibun promised that he would take care of the matter for them," said the representative of the villagers. And he revealed that at present, almost 500 village children in the commune, who attend the Ban Hua Khao School, have had to quit school because their parents can't earn money to send them.

The representative said that an appeal was made to General Han Linanon, the chief of staff officers to Supreme Command Headquarters, when he was the commanding general of the Fourth Army Area. But then General Han was transferred and so no progress has been made in this matter.

"They promised that they would give each family 6 rai. The name lists of the farmers have been examined, but no land has been allotted. At present, the villagers are asking for 2 rai per family on which to build a house and plant a small garden," said the representative.

Furthermore, the land concerned totals approximately 4,600 rai. To the north is Songkhla Lake; to the east is the Phawong Canal; to the west is the Bang Khan Canal; and to the south is private land. At present, based on a survey made by the Joint Civil-Police-Military Intelligence Center (CPM9), it has been learned that at least two capitalists have taken over some of this land while the villagers in this commune do not have houses or any land of their own.

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FOREIGN SUPPORT FOR OPPOSITION PARTIES CHARGED

Wellington THE EVENING POST in English 31 Oct 83 p 3

[Text]

PORT VILA, Oct 30. — Foreign interests were giving funds to Opposition parties in Vanuatu and planned to set up a royal family which would take power away from the Anglican Church and the customary village chief, Prime Minister Walter Lini said here today.

He was speaking to about 3000 people at an election rally for the ruling Vanuaku Pati at Independence Park in the capital of the former New Hebrides, until 1980 an Anglo-French condominium.

He said Jimmy Stevens, the jailed rebel leader who led the Espiritu Santo breakaway group before independence three years ago, would be head of the royal family.

Father Lini said the secret plan included forming one church, burning the Bible, then substituting a royal version.

The long-term plan was to take away

the influence of village chiefs and have Jimmy Stevens — a man who had 28 wives and 48 children — head of a royal family, Father Lini said.

The allegations follow accusations by Father Lini's Government that the Opposition had met with the Phoenix Foundation, an American group said to have backed the "cocoanut rebellion" during the lead-up to independence.

The Government said it understood that money given to representatives of Opposition parties in Pago Pago, American Samoa, was to help fund campaigning for the November 2 national election.

The Union of Moderate Parties and the Vanuatu Independent Alliance Party Coalition said the government statement was a tactic to discourage support for the Opposition. — NZPA-AAP.

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